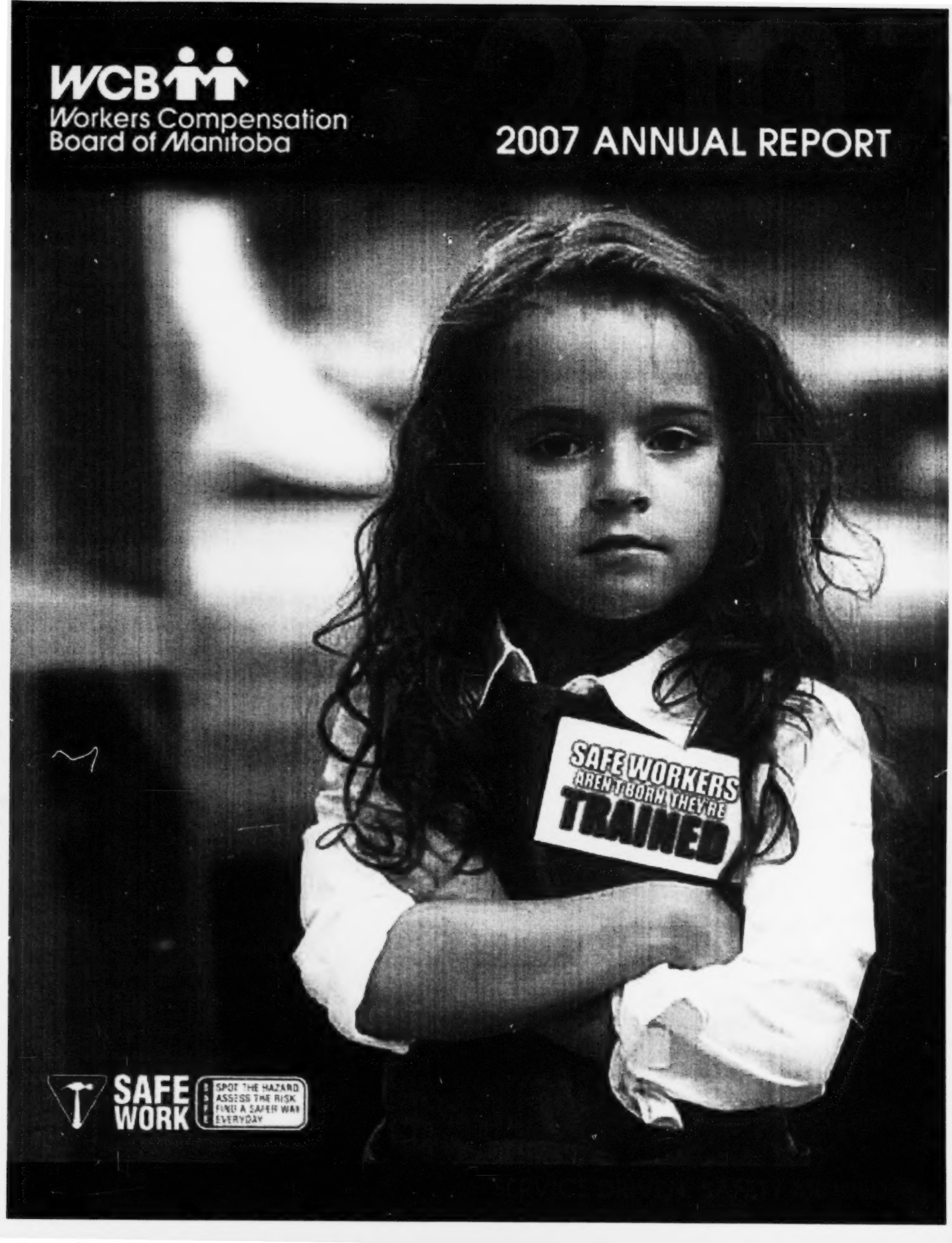
WCB
Workers Compensation
Board of Manitoba

2007 ANNUAL REPORT

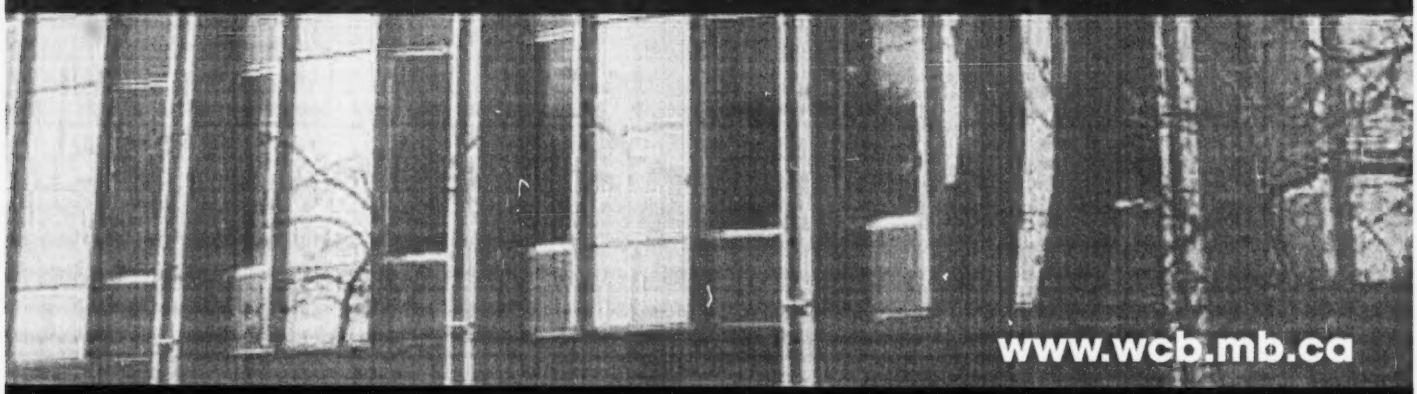


SAFE WORK

SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

Workers Compensation Board of Manitoba

2007 Annual Report



www.wcb.mb.ca

Letter to the Minister

The Honourable Nancy Allan
Minister Responsible for *The Workers Compensation Act*
Room 317, Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Minister:

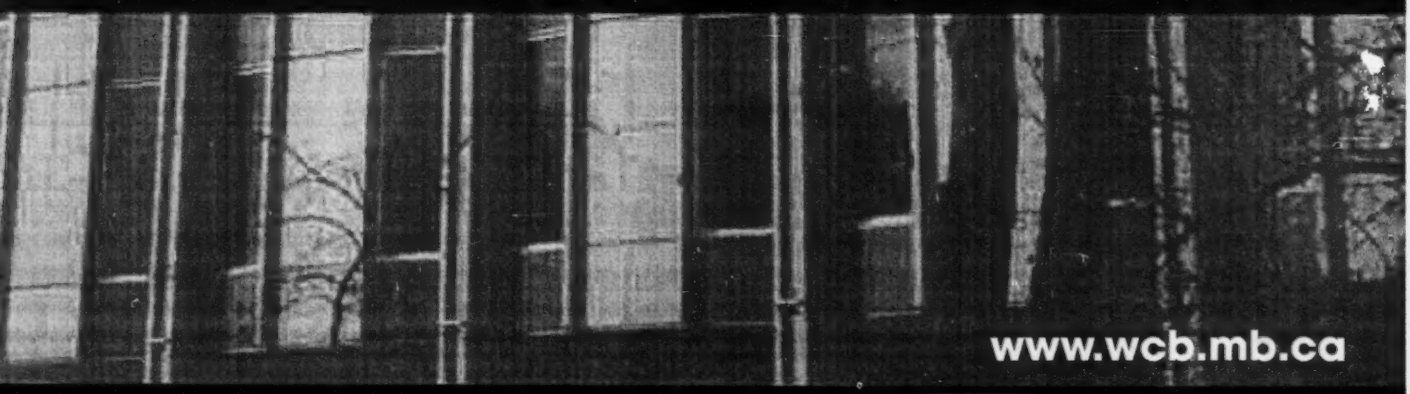
We are pleased to present our 2007 Annual Report in accordance with the provisions of *The Workers Compensation Act*. This report covers the twelve month period from January 1, 2007 to December 31, 2007. It includes the statements of accounts required to be kept under the Act.

Respectfully submitted,

Tom J. Farrell
Chairperson

Workers Compensation Board

2007 Annual Report



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This document is also available in large print format. Please call 954-4760, toll-free 1-800-362-3340 or email info@wcb.mb.ca.

For further information about the WCB's future plans, please refer to the 2008-2012 Five Year Plan on the WCB's website at www.wcb.mb.ca.

About the WCB

The Workers Compensation Board of Manitoba is an injury and disability insurance system for workers and employers, paid for by employers.

ABOUT THE WCB'S STAFF

The WCB workforce is made up of approximately 500 individuals, all dedicated to providing excellent service to Manitoba workers and employers. The WCB welcomes diversity with a strong commitment to employment equity, and offers a wide range of opportunities for staff members to continue developing their unique skills and abilities.

ABOUT THE WCB'S SERVICES AND BENEFITS

The very best the WCB can do for Manitoba workers and employers is to help them prevent workplace illnesses and injuries from occurring in the first place. To help achieve that goal, the WCB has partnered with the Government of Manitoba's Workplace Safety and Health Division to strengthen the safety culture in Manitoba.

If individuals are hurt or become ill as a result of their work, however, the WCB is here to help. The WCB offers a wide range of benefits to help injured workers return to health and meaningful work as soon as safely possible. Some of the benefits offered include:

- replacement of lost income
- healthcare treatments and payment of medication costs
- employment retraining
- lump sum payments for permanent impairments and
- benefits to partners and children in the event of a workplace death.

ABOUT THE WCB'S COMMUNITY SUPPORT

Through its Community Initiatives and Research Program (CIRP), the WCB provides up to $1 million annually to fund projects that will help keep Manitoba workers safe at work, or recover as quickly as possible if they are injured on the job. Through its support of research activities, the CIRP endeavours to achieve practical outcomes which have a positive impact on the WCB and the province's workers and employers.

The CIRP provides an important instrument for our community partners to help reduce the pain and suffering of Manitoba's injured workers and their families.

Vision, Mission and Values

VISION

SAFE Work – A Way of Life

MISSION

Working with its partners, the Workers Compensation Board of Manitoba promotes safe and healthy workplaces, promotes recovery and return to work, provides compassionate and supportive compensation services for workers and employers, and ensures responsible financial stewardship.

VALUES

We are committed to being a safe workplace that:

- Operates with fairness, integrity and respect
- Provides services that are fast, easy, caring, right and clear
- Strives for excellence
- Manages our resources efficiently and effectively
- Operates in an open and transparent manner
- Is accountable to the public and our partners
- Develops our staff and provides a supportive, innovative and creative environment
- Meets the diverse needs of our clients in a comfortable and welcoming way
- Provides a respectful and diverse workplace reflective of Manitoba
- Works collaboratively with our partners
- Is a valued member of the community

WCB
Workers Compensation Board of Manitoba

SAFE Work - A Way of Life

Message from the Chairperson

The Board of Directors is responsible for establishing the strategic direction and setting the policies that guide the operation of the WCB. The Board also monitors the progress achieved in reaching the objectives set out in its strategic plan. In all of its activities, it is the Board of Directors' goal to provide Manitoba's injured workers with the benefits they deserve while ensuring employers receive the cost-effective services they need.

In 2007, we announced a reduction in the 2008 assessment rates thanks in part to prudent stewardship of investments. At the same time, we delivered improved benefits to injured workers under *The Workers Compensation Act* which was recently amended. We also supported the recovery of workers by providing resources to assist employers with meeting a new legislative requirement that obliges them to re-employ workers injured on the job under certain conditions.

Our ultimate goal is to see no worker injured while on the job. To that end, the WCB is assuming a much greater role in injury prevention. Until we live in a world where no worker is injured and no workplace is unsafe, the Board will continue to focus on providing a clear framework for the Administration to use for fulfilling its mandate in prevention, recovery, service and stewardship.

It has been my privilege to act as Chairperson to such a well-balanced and forward looking Board of Directors over the past year. The Board is a tripartite one, representative of employers, workers and the public interest, whose members bring with them a wealth of experience to the benefit of all our stakeholders. On behalf of my colleagues, I thank the staff, management and executive of the WCB for their work this year in support of the Board's vision for the workers and employers of Manitoba.

Tom J. Farrell
Chairperson

Message from the President and CEO

This year marked the 90th anniversary of *The Workers Compensation Act*. The current Act has been revised many times since its inception but one thing remains the same – it provides a legislative framework that seeks to balance the needs of the province's workers and employers. It is Manitoba's employers and workers, however, who make the legislation work through their spirit of cooperation. As always, that spirit of cooperation was evident in the WCB's operations as the organization responded to the needs of the diverse group of Manitobans it serves.

The best thing the WCB can do for Manitobans is to make sure workplace injuries do not occur in the first place. To that end, we kept our focus on injury prevention throughout 2007. The WCB created the SAFE Work Services department to support employers and workers in their prevention efforts. We also developed an aggressive five year joint strategy with our partners in the Workplace Safety and Health Division to reduce workplace injuries.

The intensive multimedia SAFE Work campaign promoted workplace safety to all Manitobans with the message that "Work Shouldn't Hurt". The SAFE Work message also appeared in radio and television ads for the construction sector and youthful workers who are very vulnerable to workplace injuries. SAFE Work also cultivated partnerships with prominent businesses in the community to foster a culture of safety and health in the province.

The good news is that our focus on injury prevention has yielded positive results. The injury rate has decreased to an estimated 4.2 injuries per 100 workers. We must remain vigilant, however, if we are to keep reducing that rate and continue fostering a culture of safety as 61 per cent of Manitobans still believe that workplace injuries are inevitable.

Part of fostering a culture of safety involves providing WCB coverage to more of Manitoba's workers and helping them return to safe and healthy work. Coverage was extended to more workers and employers, and new legislative amendments came into effect on January 1, 2007 requiring employers to re-employ their workers injured on the job under certain circumstances. The WCB provided support to employers to help them meet this re-employment obligation.

2007 also saw the WCB concentrating efforts on strengthening timeliness of service, while ensuring appropriate quality controls remained in place. In 2007, we improved timeliness in a number of measures such as first payments to injured workers and time taken to review decisions requested by workers and employers. At the same time, we also improved service quality. A major quality initiative involved the development and implementation of a case management training program. This initiative, along with our file review process, served to enhance claim management and consistency in decision making.

The WCB also addressed service quality with process improvements in the Healthcare Services department. We further developed our relationship with healthcare practitioners through education sessions about healthcare's role in our processes. The education sessions facilitate the flow of information between the organization and the healthcare community, promoting faster and higher quality decision making on cases, and ultimately aiding the timely return of injured workers to safe and healthy work.

One other important service quality initiative reached a milestone in 2007 – the organization finished implementing the electronic claim file in case management areas. When a new file is created, it now moves seamlessly between departments in a completely electronic format. The system helps staff improve decision making, contributes to operational efficiency and improves the customer experience through more accurate, swift and comprehensive responses to file-related questions.

This attention to timeliness and quality has been well received as we scored 7.8 out of 10 from injured workers and 7.3 out of 10 from employers on our external customer satisfaction surveys.

2007 saw a solid performance from the organization not only operationally, but financially. The WCB's total reserves were $258 million and the operating surplus was $50 million. The WCB also announced a 4.8 per cent assessment rate reduction for 2008 for employers as strong investment income helped the WCB maintain one of the lowest rates in the country.

In conclusion, this was another successful year for the WCB. As I look back upon our activities in the past year and our history of service over the past 90 years, I see that some things about the WCB remain the same. We continue to provide compassionate and supportive service to injured workers. We continue to provide value for employers. We continue to strive for service excellence and most importantly, we continue to evolve as an organization to meet the needs of Manitobans.

Doug Sexsmith
President and CEO

Board of Directors and Board Committees

By statute, the Board of Directors consists of 10 members appointed by the Government of Manitoba after consultation with employers, labour and the public. The tripartite representation includes a neutral Board Chairperson, three representatives of workers, three representatives of employers and three representatives of the public interest. The Chief Executive Officer is a non-voting member of the Board of Directors.

As stewards of the compensation system, the Board of Directors plans for its future. The Board sets the WCB's strategic direction, makes policies about compensation, rehabilitation, assessment and investment of the funds within the investment portfolio, and monitors progress in these areas.

BOARD OF DIRECTORS

Tom Farrell	*Chairperson*
Robert Dewar	*Worker Representative*
Robert Labossiere	*Worker Representative*
Wendy Sol	*Worker Representative*
Paul Challoner	*Employer Representative*
Ron Hambley	*Employer Representative*
Jane MacKay	*Employer Representative (from October 2007)*
Sharon Seabourne	*Employer Representative (to October 2007)*
Crystal Laborero	*Public Interest Representative*
Ken Sutherland	*Public Interest Representative*
Ilana Warner	*Public Interest Representative*
Doug Sexsmith	*Chief Executive Officer (non-voting member)*

BOARD COMMITTEES

The Board of Directors' committee structure is as follows:

Policy, Planning and Governance Committee

Sharon Seabourne	*Committee Chairperson and Employer Representative (to October 2007)*
Ilana Warner	*Committee Chairperson (from December 2007) and Public Interest Representative*
Robert Dewar	*Worker Representative*
Ron Hambley	*Employer Representative (from December 2007)*
Tom Farrell	*Chairperson*
Doug Sexsmith	*Chief Executive Officer (non-voting member)*

The Policy, Planning and Governance Committee reviews and recommends changes to existing policy, initiates new policy through consultation with stakeholders of the WCB and oversees strategic planning and governance.

Service and Human Resources Committee

Robert Labossiere	*Committee Chairperson and Worker Representative*
Ron Hambley	*Employer Representative (to November 2007)*
Jane MacKay	*Employer Representative (from November 2007)*
Crystal Laborero	*Public Interest Representative*
Tom Farrell	*Chairperson*
Doug Sexsmith	*Chief Executive Officer (non-voting member)*

The Service and Human Resources Committee assists the Board of Directors with monitoring service improvements and human resources activities, reviewing injury prevention initiatives and recommending approval of funding under the WCB's Community Initiatives and Research Program.

Investment and Finance Committee

Ken Sutherland	*Committee Chairperson (to November 2007) and Public Interest Representative*
Paul Challoner	*Committee Chairperson (from December 2007) and Employer Representative*
Wendy Sol	*Worker Representative*
Bob Darling	*External Voting Member*
Tom Farrell	*Chairperson*
Doug Sexsmith	*Chief Executive Officer (non-voting member)*

The Investment and Finance Committee develops policy for the prudent investment of the WCB's investment portfolio, regularly reviews and advises the Board of Directors about the status of the WCB's investments and makes recommendations to the Board of Directors about the engagement of appropriate investment managers. The Committee is also responsible for reviewing the financial position of the WCB, including the annual budget, assessment rates and related financial policies.

Audit Committee

Ron Hambley	*Committee Chairperson and Employer Representative*
Robert Labossiere	*Worker Representative*
Ken Sutherland	*Public Interest Representative*
Tom Farrell	*Chairperson*
Doug Sexsmith	*Chief Executive Officer (non-voting member)*

The Audit Committee assists the Board in fulfilling its oversight responsibilities and reviews and advises the Board of Directors about the annual report and audited financial statements. The Committee also meets with external and internal auditors, approves internal audit activities and makes recommendations to the Board of Directors about the WCB's internal control procedures, standards of conduct and conflict of interest guidelines.

BOARD OF DIRECTORS

seated (left to right): Tom Farrell and Doug Sexsmith
standing (left to right): Jane MacKay, Wendy Sol, Paul Challoner, Robert Dewar, Robert Labossiere, Ken Sutherland, Ilana Warner and Ron Hambley
missing: Crystal Laborero

EXECUTIVE TEAM

left to right: Robert Campbell - Associate Vice President, Human Resources and Administration
Harold Dueck - Chief Financial Officer
Lori Sain - General Counsel and Corporate Secretary
Doug Sexsmith - President and Chief Executive Officer
Alice Sayant - Vice President, Prevention, Assessments and Customer Service
Warren Preece - Director, Communications
David Scott - Vice President, Rehabilitation and Compensation Services

Year at a Glance

	2007	2006
Estimated percentage of workers covered	70%	70%
Number of registered employers	26,730	26,044
Total claims accepted*	35,252	35,750
Time loss claims accepted*	17,265	17,142
Fatality claims accepted*	27	26
Claim costs incurred	$215,491,000	$219,917,000
Operating expenses	$55,981,000	$53,220,000
Average duration of claims (compensation and rehabilitation)	38.6 days	38.6 days
Total reserves	$257,900,000	$246,696,000
Average budgeted assessment rate	$1.68	$1.68
Investment returns (net)	$58,703,000 (6.0%)	$115,548,000 (13.5%)

*In 2007, the WCB revised the definitions used for recording time loss injuries and fatalities. 2006 figures have been restated using the new definitions.

Themes

There are four themes that provide a framework for how the WCB conducts business and organizes activities to meet the needs of stakeholders:

- Prevention – Preventing Injuries and Illnesses through Promotion, Protection and Education
- Recovery – Returning Workers to Health and Work
- Service – Continuously Improving Services to Workers and Employers
- Stewardship – Effectively Managing Human, Technological and Financial Resources

PREVENTION

Preventing workplace injuries and illnesses is one of the most important things the WCB does to improve the lives of Manitoba workers, their families and employers. The WCB's vision, *SAFE Work - A Way of Life*, reflects the growing importance of prevention and guides the work done to make workplaces safer and healthier. SAFE Work is also the name of a joint program of the WCB and Workplace Safety and Health Division (WSHD) that helps prevent workplace injuries, illnesses and deaths.

Fostering a Culture of Safety and Health

A safety culture is one where Manitobans do not see injuries as an inevitable or acceptable part of working life. The WCB, along with its partners, is leading the cultural shift to safety and health in Manitoba.

In 2007, the WCB increased its injury prevention efforts with a focus on three main objectives:

1. renewing an aggressive joint strategy with its partners,
2. supporting employers and workers in their prevention work, and
3. changing the belief that injuries are inevitable.

SAFE Work's success at raising awareness of workplace hazards is part of an overall strategy that has seen Manitoba's injury rate decrease 25 per cent since 2000. The injury rate, however, remains a challenge with an estimated 4.2 out of every 100 workers missing work in 2007 due to job-related injuries or illnesses.*

It is clear that more progress needs to be made on fostering a culture of safety in Manitoba as 61 per cent of Manitobans still believe that workplace injuries are inevitable.

*In 2007, the WCB revised the definitions used for recording time loss injuries and fatalities. As a result, the 2006 calculation of 4.5 was restated as 4.3. Please refer to the *Statistics and Measures* section for more details.

Focusing on Youth and Partnerships with Public Awareness Campaigns

Youth was an important audience in 2007 as the WCB promoted the injury prevention message to those who could impact the province's future safety and health culture. The SAFE Work message that targeted youthful workers, their supervisors and parents was included in the following campaigns:

- the "Get Worked Up About SAFE Work" section on the SAFE Manitoba website and the "First Jobs" promotion soliciting on the job safety stories from young workers (web, radio and print campaign)
- the Take Our Kids to SAFE Work Day event and promotion highlighting the need to consider safety and health when making career and job choices, and
- television ads promoting workplace safety training for new and young workers based on the theme "SAFE Workers aren't born, they're trained".

Other television ads that ran in 2007 emphasized injury prevention within the construction sector and promoted injury prevention to all with the message "Work Shouldn't Hurt".

SAFE Work also enlisted the help of some high profile community partners to promote workplace safety to Manitobans in 2007. SAFE Momentum featured television and billboard ads with community partners Biovail and Vale Inco. As well, SAFE Work developed a partnership with Mark's Work Wearhouse which included SAFE Work media spots, brochures and posters at Mark's Work Wearhouse outlets. SAFE Work also teamed with Mark's Work Wearhouse and Siloam Mission to promote the distribution of work boots and clothes to workers in need.

Developing a New Five Year Prevention Plan with the Workplace Safety and Health Division

The WCB and WSHD developed a new five year joint injury prevention plan in 2007 which includes new aggressive goals and priorities. In addition to reducing the number of traumatic fatalities, the plan's goals are to reduce the time loss injury rate to 3.5 per 100 workers and the number of serious injuries by 50 per cent.

This new plan promises to build on the momentum generated by the strong WCB and WSHD partnership that has produced a successful public awareness program.

Creating SAFE Work Services

A crucial component of the WCB's prevention strategy in 2007 was the provision of additional support to employers and workers in their prevention endeavors. To that end, putting the SAFE Work Services team in place was a significant move toward enabling employers to focus more on workplace health and safety, educating stakeholders on injury and illness prevention, and assisting employers and industry sectors with workplace safety enhancements.

RECOVERY

The WCB is committed to lessening the impact of injuries to aid in the recovery of injured workers. Since returning to work helps make recovery faster and more complete, the goal is to help injured workers get back to health and work as soon as safely possible.

Improving Healthcare Opinions

In 2007, the organization continued to focus on improving the quality, consistency and timeliness of our internal healthcare opinions to better serve injured workers. Education sessions have taken place for both medical consultants and case managers to promote consistency and fairness in the management of WCB cases.

Making Education a Priority

In addition to the focus on internal education, community outreach and education have been a priority in 2007. Continuing medical education presentations have been made to medical practitioners as well as to a number of other stakeholder groups. The goals of these presentations are to strengthen relationships and provide education about the WCB's legislation, policies and practices. The presentations also help to promote the role of healthcare providers in returning injured workers to health and work.

Enhancing Support to Northern WCB Staff and Injured Workers

In 2007, the WCB enhanced support and education for staff in the Thompson office by arranging monthly in-person visits with a WCB medical advisor from the Winnipeg office. Along with providing advice to staff who do not have daily access to WCB medical staff, the WCB medical advisor also offered outreach services to the medical community and other stakeholders in Manitoba's north.

Medical advisor visits have been of benefit to injured workers too. Injured workers no longer need to travel to the WCB's Winnipeg office for examinations since they can now take advantage of on site examinations conducted at the Thompson office.

Reviewing the WCB On Site Medical Examination Process

Following an internal review of the organization's on site medical examination process, a number of recommendations were put forward. One key recommendation was the implementation of service standards between Case Management and Healthcare Services. These standards will improve the quality, consistency and timeliness of decisions. It will also help staff communicate timeframes regarding decisions to clients with more certainty. In 2007, Healthcare Services worked to ensure that sufficient resources were in place to allow for the implementation of the service standards.

Supporting Return to Work Programs

Legislation that took effect on January 1, 2007 requiring certain employers to re-employ workers injured on the job supported the WCB's commitment to return injured workers to health and safe work.

WCB staff regularly went out to the community to meet with employers, unions and workers, offering assistance so that injured workers could have the opportunity to return to work as soon as safely possible. In 2007, staff facilitated return to work programs for individual clients, provided education opportunities and presentations to stakeholder groups, and worked with employers to develop organization-wide disability management programs and processes.

Building Capacity Among Employers

The WCB's commitment to return to work initiatives was reflected in the Community Initiatives and Research Program's support of projects that examined the barriers and facilitators of return to work programs. One such project was an audit program that evaluated employers' disability management policies, disability and injury prevention programs, and return to work processes.

Funding the program allowed the WCB to build capacity among employers with a desire to develop or grow disability management programs. The program was well received by employers and many participated in it. The WCB's support of this program yielded positive results – the Parkland Regional Health Authority was the first-ever health authority to be awarded the International Disability Management Standards Council Certification after achieving high scores in the audit program.

SERVICE

Service is an important aspect of the work done at the WCB. All of the organization's initiatives, in some way, contribute to the improvement of services provided to the province's injured workers and employers.

Supporting Changes to WCB Legislation

On January 1, 2007, WCB coverage was extended to industries related to those previously covered under *The Workers Compensation Act*. This was the first extension of coverage since 1960. The extension involved about 850 additional employers and about 6,400 workers, of whom approximately two-thirds were already voluntarily covered.

A legislated obligation to re-employ injured workers under certain circumstances also came into effect on January 1. The new legislation spells out the requirements for employers to participate in their injured workers' return to safe and healthy work. The WCB has had a coordinated return to work policy in place since 2006 and continues to provide service to workers, employers and healthcare practitioners involved in the re-employment process.

Updating Systems and Procedures

An electronic claim file system has been rolled out in all case management areas. Files are now simultaneously accessible by multiple staff members and departments. The system allows staff to make higher quality, faster, more consistent decisions and respond to file-related questions more quickly. Development of the next phase, which streamlines the financial processing of claims, is under way.

Progress has also been made on enhancing assessment service to Manitoba's employers. New telephone service standards are now in place and the response time to written correspondence is being improved. Internal restructuring has improved service to employers by reducing the number of handoffs between staff members. The WCB is also participating in Manitoba Business Links, part of the Government of Manitoba's plan to streamline business dealings with the public sector. Throughout 2007, plans were made to put in place additional process and technological improvements.

Improving Service Timeliness and Quality

The WCB has been working diligently to provide prompt service and decrease the time it takes for injured workers to be compensated for lost wages. Operational measures show continuous improvement in terms of days until first payment and the number of claims waiting for adjudication.

The WCB's Review Office receives approximately 1,200 requests annually from workers and employers asking for a review of an adjudicative or case management decision. In 2007, the office responded to 81 per cent of requests within 60 days with the average review being completed in only 35 days.

Quality is of paramount importance at the WCB. In 2007, the organization improved quality assurance and training and the results have been positive. For example, 81 per cent of the files the Service Quality team reviewed in 2007 met the WCB's quality standards, a six per cent improvement from the previous year.

Measuring Service Excellence

The WCB continued to provide exemplary customer service in 2007. The organization received a 7.8 out of 10 from injured workers in overall satisfaction, while employers gave a rating of 7.3 out of 10. The WCB asks for ongoing feedback from employers as well as injured workers with both active and completed claims.

The WCB believes that internal customer service is an important aspect of nurturing a strong service culture, which will positively impact external customers. In 2007, the Human Resources department was the subject of the organization's annual internal customer satisfaction survey.

STEWARDSHIP

The WCB is the steward of over $1 billion in assets. The organization undertakes many initiatives throughout the year to ensure that its people, policies, finances and technology are managed efficiently and effectively on behalf of the workers and employers of Manitoba.

Continuing the Strong Financial Performance

The WCB finished 2007 in a strong financial position. Total reserves amounted to $258 million, slightly higher than in 2006. The WCB's investment portfolio, which is diversified across a number of distinct asset classes and geographic regions, weathered the year's volatile financial markets well.

The WCB is fully funded with a funding ratio of 130 per cent. A ratio over 100 per cent means that there are more assets than required to cover the cost of liabilities.

Manitoba had the second lowest average assessment rate among all Canadian jurisdictions. The 2007 average budgeted assessment rate paid by Manitoba employers for workers compensation coverage remained stable at $1.68 per $100 of assessable payroll. With the announced reduction in the average assessment rate to $1.60 for 2008, premiums in Manitoba will continue to be among the lowest in the country.

Committing to Organizational Development

To advance the WCB's goal of building organizational strength through people, the organization developed a new human resources strategy which will be launched in 2008. The plan will position the WCB to achieve its vision by enhancing the ability to attract and retain exceptional staff as the labour market tightens.

Training and Development

Staff engage in professional development in areas such as customer service, diversity and change management as part of an ongoing commitment to organizational effectiveness. In 2007, the WCB created a new training and development position in the Rehabilitation and Compensation Services area to further enhance the skills and expertise of staff. A comprehensive training program for case managers was developed and implemented, enhancing the quality and consistency of their decision making and service to injured workers and employers.

Clarifying Business Practices

WCB policies were codified to assist stakeholders with understanding WCB business practices. In 2007, the first-ever policy for the Review Office was approved. The policy documents the existing principles and role of the Review Office and outlines a standardized process for launching an appeal. A Rate Setting Model policy was also approved. The policy sets out the underlying philosophy of the model, describes its principles and features and confirms existing business practices.

Improving Infrastructure

As part of the WCB's commitment to achieving operational excellence, the Information Technology department implemented several initiatives to enhance the reliability and security of the organization's infrastructure. A remote access pilot was implemented which provides off site access to the WCB network. A wider roll out is planned for 2008. The WCB also carried out security education and awareness initiatives while continuing to enhance the electronic claim file system.

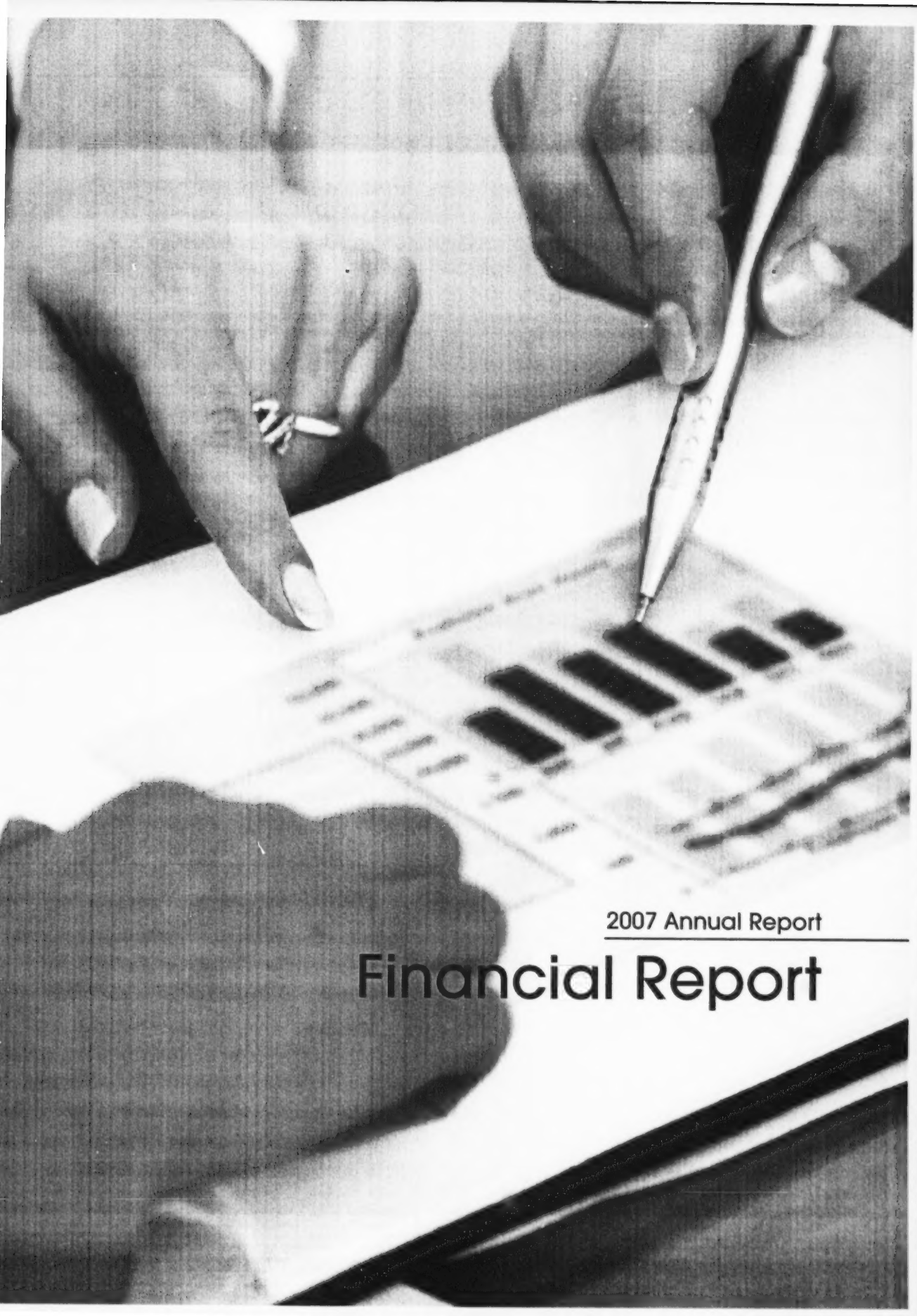
Several important enhancements were started at the head office building in Winnipeg, including the addition of a ramp and other modifications to the front plaza along with structural changes to entrances. These changes will help to improve building accessibility and security.

The office in Thompson moved to a new location which will provide a more efficient and secure environment for both staff and customers in the northern part of the province.

Focusing on Community Leadership

The WCB is committed to being a valued member of the community and enhancing partnerships with community groups. The organization embarked on a new partnership with the Winnipeg Downtown BIZ and continued its long-standing support of the United Way through an annual workplace campaign. When asked, over 66 per cent of Manitobans believe that the WCB makes a positive contribution to the province.

As part of the WCB's commitment to providing a respectful and diverse workplace reflective of Manitoba, the organization signed a formal partnership agreement with Connect Employment Services, was recognized as a Diversity Challenge Champion by the Manitoba Business Leadership Network, and sponsored two Manitoba Aboriginal Youth Achievement awards. The WCB also continued to build its future workforce by providing ongoing internship opportunities throughout the year.



2007 Annual Report

Financial Report

Management's Responsibility for Financial Information

The consolidated financial statements of the Workers Compensation Board of Manitoba (WCB) were prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgments and estimates. This responsibility includes selecting appropriate accounting principles consistent with generally accepted accounting principles in Canada. Financial information contained elsewhere in this annual report conforms to these financial statements.

Management believes the system of internal controls, review procedures and established policies provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. Management also believes that the WCB's operations are conducted in conformity with the law and with a high standard of business conduct. The internal auditor performs periodic audits designed to test the adequacy and consistency of the WCB's internal controls.

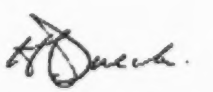
The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities and approved the financial statements and other financial information included in this annual report on March 14, 2008.

The Audit Committee assists the Board of Directors in its responsibilities. This Committee reviews and recommends approval of the consolidated financial statements and annual report. Internal and external auditors as well as the consulting actuary have unlimited access to the Audit Committee. The Audit Committee reviews the financial statements and the other contents of the annual report with management and the external auditors and reports to the Board of Directors prior to their approval for publication.

The firm of Eckler Ltd. has been appointed as the independent consulting actuary to the WCB. Their role is to complete an independent actuarial valuation of the benefit liabilities included in the financial statements of the WCB and to report thereon in accordance with accepted actuarial practices. Eckler Ltd.'s opinion on the valuation of the benefit liabilities is provided on page 26.

Grant Thornton LLP, independent auditors appointed as a sub-agent to the Provincial Auditor General, has performed an independent audit of the consolidated financial statements of the WCB in accordance with Canadian generally accepted auditing standards. Their Auditors' Report, on page 27, outlines the scope of this independent audit and includes their opinion expressed on the 2007 consolidated financial statements.

Doug Sexsmith
President and CEO



Harold B. Dueck, CA
Chief Financial Officer

March 14, 2008

2007 Management Discussion and Analysis

As an integral part of the annual report, the management discussion and analysis provides further insights into the operations and financial position of the WCB and should be read in conjunction with the consolidated financial statements and supporting notes.

The operating surplus in 2007 was $50 million, significantly over the budget of $5 million. This result was driven almost entirely by investment income results. Total revenue was $64 million over budget while total expenses were $20 million over budget.

In 2007, revenue was up $43 million from 2006, expenses were down $1 million and operating surplus was up $44 million.

The positive variance to budget in revenue was largely due to the above average level of realized gains in the equity portfolio and the strong performance in the real estate portfolio. Other factors that contributed to the variance were higher than budgeted premiums (Class E employers) and deferred assessments (self-insured employers).

The negative variance to budget in costs was due to compensation costs and actuarial adjustments.

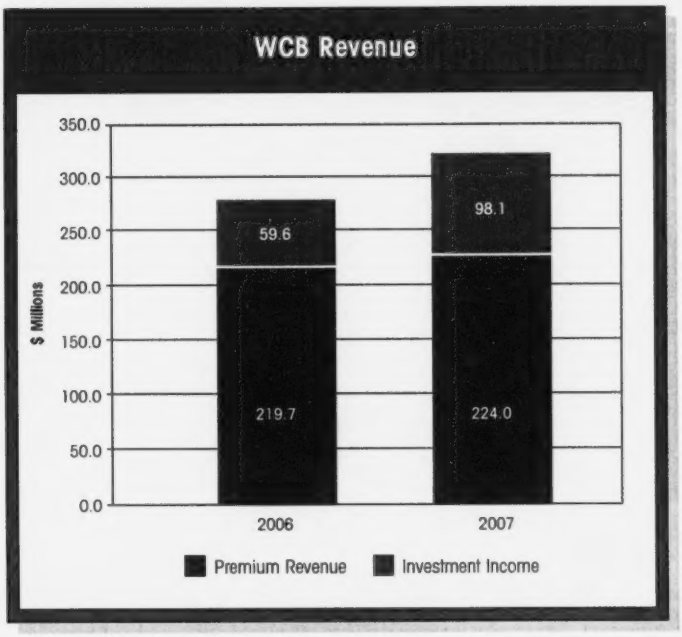
An other comprehensive loss of $39 million (budgeted at an income of $9 million) offset the positive result in the operating surplus. This loss was due to the substantial volume of investment trading initiated by WCB portfolio managers which moved market gains out of other comprehensive income into operating surplus.

The total comprehensive income (combined result of operating surplus and other comprehensive loss) was $11 million, under the budget of $14 million. When 2007 results are compared to 2006, other comprehensive income and total comprehensive income were down $95 million and $51 million, respectively. These two items can be volatile as they are affected by the returns in the investment markets.

Total reserves increased by $11 million to $258 million, resulting in a funding ratio of 130 per cent at December 31, 2007.

REVENUE

The WCB's revenue is derived from two sources: premium revenue and investment income. 2007 revenue totalled $322 million, a 15 per cent increase over 2006 revenue of $279 million. The chart below shows the two sources of revenue.



Premium revenue is the largest revenue stream for the WCB. Premium revenue was $224 million in 2007 versus the budget of $209 million. Premiums are derived from Class E and self-insured employers:

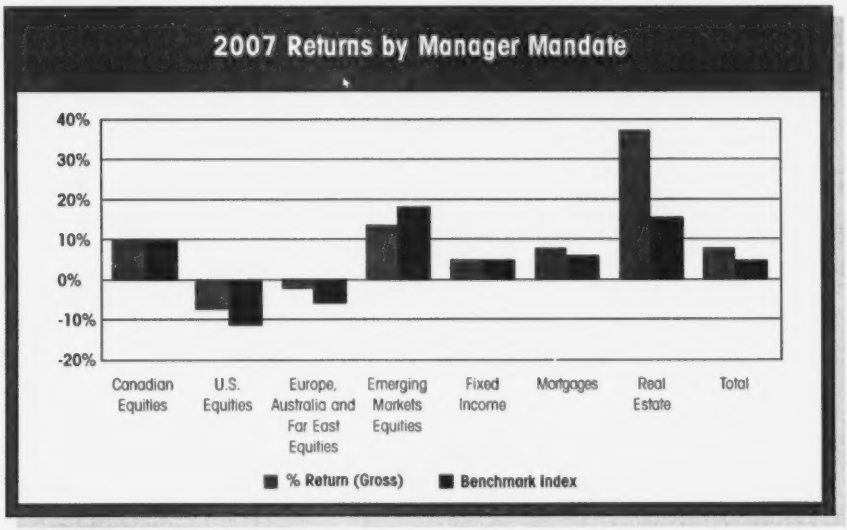
- Class E premium revenue was $194 million in 2007 versus the budget of $186 million. The average assessment rate and employer payroll levels affect this revenue. In 2007, the final average assessment rate per $100 of assessable payroll was $1.70, $0.02 over the budgeted average assessment rate, while employer payrolls grew 8.0 per cent versus the budget of 4.0 per cent. These variances were the result of employment being shifted to industries with higher assessment rates, economic growth and the increased maximum for assessable payroll per worker.
- Self-insured assessments were $30 million in 2007 versus the budget of $23 million. Self-insured assessments are based on the claim costs incurred and an allocation of overhead costs that occur in the year. The revenue was $7 million greater than budget largely due to higher claims volumes and costs per claim.

Investment income, derived from the WCB's investment portfolio, was $98 million in 2007 compared to $60 million in 2006. (Investment income was budgeted at $49 million for 2007.) The income for the two years can be broken down as follows:

- interest and dividend income of $31 million in 2007 versus $29 million in 2006
- realized gains and real estate fair value changes of $67 million in 2007 versus $31 million in 2006.

The investment portfolio is comprised of a variety of asset classes as set by policy. At December 31, 2007, the portfolio had a market value of over $1.0 billion (an increase of $50 million from the balance of $969 million at the end of 2006) and an asset mix of 64 per cent equities and 36 per cent fixed income (unchanged from 2006).

The WCB has engaged a number of professional investment managers. Each of these managers has a mandate as well as a benchmark rate of return to achieve. The gross returns before expenses by manager mandate and a comparison of this result to the benchmark returns are displayed in the following chart:



The investment portfolio's gross rate of return was 6.5 per cent in 2007 (benchmark 3.2 per cent) and 13.9 per cent in 2006 (benchmark 13.3 per cent).

The most significant driver of the WCB's positive investment results for 2007 was real estate. The returns in 2007 were above normal in part due to profitable property sales combined with appraisal increases created by a generally buoyant real estate market across Canada. Real estate comprised 14 per cent of the portfolio and contributed approximately 80 per cent of the overall return.

In general, 2007 was a fairly volatile year for equity markets with some markets and asset classes experiencing negative returns.

CLAIM COSTS INCURRED

Claim costs incurred are an estimate of the full costs for compensable injuries that occurred in 2007, together with adjustments to prior years' estimates. The estimates take into account claims that are in pay, reported but as yet unpaid claims, and unreported claims.

Claim costs incurred decreased $4 million (or 2.0 per cent) to $216 million in 2007. The decrease in costs was driven by a reduction in adjustments to the actuarial model used to value the benefit liabilities. In 2007, $11 million in adjustments were recorded versus $38 million in 2006. In 2006, the discount rate for valuing benefit liabilities was reduced by 0.5 per cent which significantly increased the value of the liabilities. Offsetting the reduction in adjustments for 2007 were cost increases due to inflation and an increase in the number of claims.

In millions of dollars	Short Term Disability	Long Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total
2007	78.4	57.9	17.1	56.6	5.5	215.5
2006	71.6	57.5	19.9	67.4	3.5	219.9
Increase (decrease)	6.8	0.4	(2.8)	(10.8)	2.0	(4.4)

Notable 2007 claim costs incurred events are discussed below:

An increase in the benefit liabilities in the amount of $11 million was recorded as an outcome of implementing the most recent mortality tables. The WCB, in discussion with the consulting actuary, updated the mortality tables to reflect the most recent information available. These tables determine the mortality assumption for disability and survivor pension liabilities.

The healthcare liability factor decreased in 2007 compared to a significant increase recorded in 2006. The healthcare factor is a ratio representing the amount of future healthcare dollars that are estimated will be spent for every healthcare dollar spent in the current year. In 2006, the factor increased due to an upward spending trend in healthcare driven by technological advances and inflation. In 2007, the factor decreased moderately because of shifts in the spending patterns for healthcare payments on newer claims.

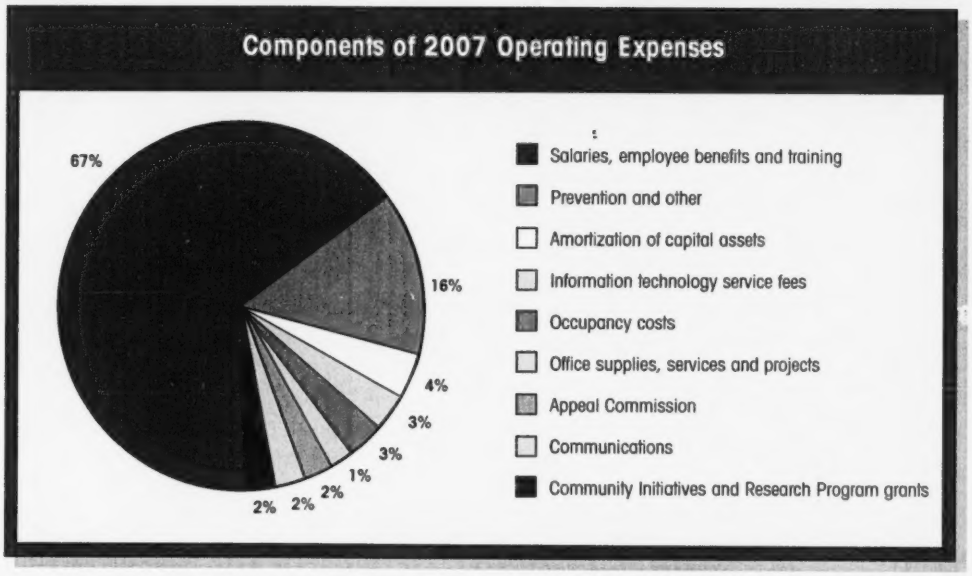
Increased compensation claims and higher average cost of compensation claims resulted in an increase to the short term disability expense. Factors contributing to the higher average cost of compensation claims were increases in compensation claim duration and inflation, decreases in income taxes and a change in the mix of the claims by industry.

BENEFIT LIABILITIES

The benefit liabilities increase for 2007 was $43 million. The change in the benefit liability was driven by the benefit liability valuation changes that were recorded in 2007, (discussed in the previous section titled *Claim Costs Incurred*).

OPERATING EXPENSES

Operating expenses in 2007 were $56 million ($53 million in 2006). The operating expenses increase was concentrated in two areas: the prevention and other category and the salaries, employee benefits and training category. The increases in these two categories were driven by increased funding for the Workplace Safety and Health Division and merit increases and inflationary growth, respectively. The remaining cost areas experienced an overall reduction in spending.



OPERATING SURPLUS

The operating surplus of $50 million increased the accident fund reserve to $150 million.

OTHER COMPREHENSIVE LOSS AND TOTAL COMPREHENSIVE INCOME

The other comprehensive loss for 2007 was $39 million causing the accumulated other comprehensive income as at December 31, 2007 to drop to $108 million ($147 million in 2006).

The other comprehensive loss in 2007 was the result of $45 million of unrealized gains, mostly arising in previous years, that were moved to investment income as realized gains when investment managers sold individual holdings. The above normal volume of investment trading was driven by the volatile investment market, which prompted investment managers to sell their superior investments.

Although there were significant fluctuations in both the operating surplus and other comprehensive income, total comprehensive income for the year was $11 million, compared to the budgeted amount of $14 million.

BALANCE SHEET

The 2007 funding ratio (ratio of total assets to total liabilities) of 130 per cent was unchanged from last year. This ratio is one measure of the financial strength of the WCB with any amount over 100 per cent indicating that the WCB is fully funded.

Total reserves (accident fund reserve and accumulated other comprehensive income) were $258 million ($247 million in 2006). In 2007, the WCB's Funding Policy was amended and the target balance formula was changed to include both reserves. This target balance, based on a formula modified from the Minimum Contributing Capital and Surplus Requirements rules set out by the Office of the Superintendent of Financial Institutions, Canada, now also includes a provision for the potential of new occupational diseases in the future and the expected impact of adopting International Financial Reporting Standards. The WCB's reserves as at December 31, 2007 were in line with the revised target.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The WCB has begun planning for the conversion to International Financial Reporting Standards from Canadian generally accepted accounting principles effective January 1, 2011. A project team is in place that will take advantage of learning opportunities as they arise, stay abreast of changes, keep decision makers informed of impacts and implement key milestones as required. While the magnitude of the change is unknown, it may be significant, and the WCB will be prepared to handle the implications.

Actuarial Opinion

with respect to Future Benefit Liabilities of the Workers Compensation Board of Manitoba
based on an actuarial valuation as at December 31, 2007

We have completed an actuarial valuation as at December 31, 2007 of the benefit liabilities for insured and self-insured employers under *The Workers Compensation Act* of Manitoba as amended to the valuation date. The purpose of this valuation was to estimate the liabilities of the WCB in respect of injuries that occurred on or before the valuation date for inclusion in the 2007 financial statements.

Our estimate of the liabilities as at December 31, 2007 is $831.7 million. This includes provisions for claims arising from specific long latent occupational diseases and for the future cost of administering claims. The provision for the future cost of administering claims has been calculated based on analysis performed by the WCB.

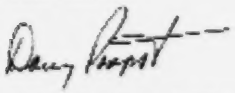
We reviewed the data supplied by the WCB and have performed tests to confirm their reasonableness and consistency with that used in the prior valuation. In our opinion the data are sufficient and reliable for the purpose of the valuation.

The assumptions used are consistent with those of the prior valuation The discount rates used are 6.0 per cent for non-indexed benefits, 3.0 per cent for inflation linked benefits, and 2.0 per cent for wage linked benefits and are unchanged from the previous valuation. Updated data analysis resulted in revised claim development assumptions for healthcare and pension and impairment awards. For impairment awards a separate model was developed for post-2005 injuries to recognize the effect of Bill 25 on benefit levels. The mortality assumption for disability and survivor benefits has been updated to the Manitoba Life Table 2000-02. The assumptions and methods used in the valuation, as described in our report, are based on the current practices and administrative procedures of the WCB and on historical claims experience. In our opinion, the assumptions used are, in aggregate, appropriate for the purpose of the valuation and the methods employed in the valuation are appropriate for the purpose of the valuation.

The report on which this opinion is based has been prepared, and my opinion given, in accordance with accepted actuarial practice.

Respectfully submitted,

Eckler Ltd.



A. Douglas Poapst, F.S.A., F.C.I.A.
February 29, 2008

Eckler Ltd.

Auditors' Report

To the Workers Compensation Board of Manitoba

We have audited the consolidated balance sheet of the Workers Compensation Board of Manitoba as at December 31, 2007 and the consolidated statements of operations and accident fund reserve, comprehensive income, changes in accumulated other comprehensive income and cash flows for the year then ended. These financial statements are the responsibility of the WCB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the WCB as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Winnipeg, Manitoba
March 7, 2008

Grant Thornton LLP
Chartered Accountants

Grant Thornton

CONSOLIDATED BALANCE SHEET

December 31, 2007
(in thousands of dollars)

	2007	2006
Assets		
Cash	$ 2,881	$ 3,112
Receivables and other (Note 4)	35,190	33,658
Investment portfolio (Note 5)	1,019,142	969,035
Deferred assessments (Note 6)	47,598	43,718
Capital assets (Note 7)	11,993	11,571
	$ 1,116,804	$ 1,061,094
Liabilities and Funded Position		
Payables and accrued liabilities (Note 8)	$ 27,223	$ 25,366
Benefit liabilities (Note 10)	831,681	789,032
Total liabilities	858,904	814,398
Accident fund reserve	150,254	99,675
Accumulated other comprehensive income	107,646	147,021
Funded position	257,900	246,696
	$ 1,116,804	$ 1,061,094

Signed on behalf of the Board of Directors

Tom J. Farrell
Chairperson, Board of Directors

Ron Hambley
Audit Committee of the Board of Directors

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCIDENT FUND RESERVE

Year Ended December 31, 2007
(in thousands of dollars)

	2007	2006
Revenue		
Premium revenue (Note 12)	$ 223,973	$ 219,720
Investment income (Note 5)	98,078	59,571
Total revenue	322,051	279,291
Expenses		
Claim costs incurred (Note 10)	215,491	219,917
Operating expenses (Note 13)	55,981	53,220
Total expenses	271,472	273,137
Operating surplus	**50,579**	**6,154**
Accident fund reserve at beginning of year	99,675	93,521
Accident fund reserve at end of year	$ 150,254	$ 99,675

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year Ended December 31, 2007
(in thousands of dollars)

	2007	2006
Operating surplus	$ 50,579	$ 6,154
Other comprehensive income		
Unrealized gains on available-for-sale financial assets	5,934	80,574
Reclassification of realized gains to the Consolidated Statement of Operations and Accident Fund Reserve (Note 5)	(45,309)	(24,597)
Other comprehensive (loss) income	(39,375)	55,977
Total comprehensive income	$ 11,204	$ 62,131

CONSOLIDATED STATEMENT OF CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME

Year Ended December 31, 2007
(in thousands of dollars)

	2007	2006
Accumulated Other Comprehensive Income		
Balance at beginning of year	$ 147,021	$ 91,044
Other comprehensive (loss) income	(39,375)	55,977
Balance at end of year	$ 107,646	$ 147,021

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2007
(in thousands of dollars)

	2007	2006
Operating cash flows		
Premiums from employers	$ 218,560	$ 200,766
Investment income	50,647	30,414
Claim payments (Note 10)	(172,842)	(161,978)
Purchases of administration goods and services	(56,556)	(51,415)
Net cash provided by operating activities	39,809	17,787
Investing cash flows		
Purchases of investments, net of sales (Note 5)	(37,553)	(14,471)
Capital asset acquisitions, net of disposals	(2,487)	(2,040)
Net cash used by investing activities	(40,040)	(16,511)
Net (decrease) increase in cash	(231)	1,276
Cash at beginning of year	3,112	1,836
Cash at end of year	$ 2,881	$ 3,112

The accompanying notes are an integral part of the consolidated financial statements.

Notes To Consolidated Financial Statements

Year Ended December 31, 2007

($ amounts in thousands of dollars unless otherwise noted)

1. NATURE OF OPERATIONS

The Workers Compensation Board of Manitoba (the WCB) was created in 1917 under the authority of *The Workers Compensation Act* of Manitoba. In accordance with the provisions of the Act, the WCB is responsible for:

- prevention of workplace injuries and occupational diseases in conjunction with the Manitoba government's Workplace Safety and Health Division,
- administering payments to injured workers and suppliers of services to injured workers,
- levying and collecting premiums from established classes of employers in amounts sufficient to cover the current and future costs of existing claims, and
- investing funds set aside for the future costs of claims as well as surplus funds.

An independent Workers Compensation Appeal Commission operates under the Act to make final rulings on any appeals pertaining to the WCB's assessment or benefits decisions.

The WCB's vision statement is *SAFE Work – A Way of Life*. The organization's mission is to promote safe and healthy workplaces, promote recovery and return to work, provide compassionate and supportive compensation services for workers and employers, and ensure responsible financial stewardship. The WCB compensates for lost wages, provides support and arranges for rehabilitative help and has a responsibility to injured workers, their families and their employers to help injured workers return to health and productive work in a timely and safe manner.

The workers compensation system is funded through premiums collected from employers. The Workers Compensation Board of Manitoba does not receive government funding or assistance. Available funds are invested and are used to protect the WCB and its ratepayers from general business risks and catastrophic events in areas such as investment returns or extraordinary claims costs. To that end, an accident fund reserve attributable to the Class E employers exists. A second reserve, accumulated other comprehensive income, shows the cumulative unrealized gains and losses arising from the investment portfolio.

In 2007, the WCB's Funding Policy was amended and the target balance formula was changed to include both reserves. The target balance for the reserves is based on a formula modified from the Minimum Contributing Capital and Surplus Requirements rules set out by the Office of the Superintendent of Financial Institutions, Canada. The calculation moves in tandem with changes in the size of the WCB's assets and liabilities thereby calculating a reserve target that reduces risk to the organization. The target balance also includes a provision for the potential of new occupational diseases in the future and the expected impact of adopting International Financial Reporting Standards in 2011. The target balance for the reserves was $254 million at the end of 2007 ($247 million in 2006 on a restated basis).

The WCB's Funding Policy is intended to ensure that fiduciary responsibilities are carried out in accordance with the Act and that annual influences do not unduly distort the funding process. The WCB is committed to operating on a fully funded basis to a level funding standard. Full funding requires that current employers pay for the current and future cost of existing compensable injuries and their administration, rather than future generations of employers paying for those injuries. Under level funding, the cost of claims with lengthy latency periods is funded in a level fashion over the workers' periods of exposure to the elements that led to the injuries or diseases.

2. SIGNIFICANT ACCOUNTING POLICIES

The WCB's significant accounting policies are as follows:

Measurement Uncertainty

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada, which requires the WCB to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

Basis of Consolidation

These consolidated financial statements include the accounts of the WCB and its wholly owned real estate investment subsidiaries. Intercompany balances and transactions are eliminated on consolidation.

Cash

Cash includes cash on hand and balances with banks, net of any outstanding cheques. Cash and short term investments held by investment managers and custodians for investment purposes are included in the investment portfolio.

Investments

Under the provisions of Canadian Institute of Chartered Accountants (CICA) 3855 Financial Instruments – Recognition and Measurement, the financial assets of the WCB's investment portfolio are designated as available for sale, and carried at fair value. Other than the real estate portfolio assets in WCB Realty Limited, a wholly owned subsidiary, gains and losses arising from the change in fair value that have occurred during the year are recorded in other comprehensive income until the investment is derecognized (sold). At that time, the cumulative gain or loss previously recognized in other comprehensive income is designated a realized gain or loss and reclassified to investment income in the Consolidated Statement of Operations and Accident Fund Reserve. Income from interest and dividends is recognized in the period earned. Investment income is presented net of investment expenses.

The WCB consolidates the real estate portfolio of WCB Realty Limited at fair value, in accordance with CICA Accounting Guideline 18 – Investment Companies. Changes in fair value that occurred during the year are recorded in investment income in the Consolidated Statement of Operations and Accident Fund Reserve.

Fair Value of Investments

Investments are stated at fair value, which is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Publicly traded investments are stated at year end market prices as listed on the appropriate stock exchange, or as provided by the custodian from independent sources.

Pooled fund investments are valued at the most recent unit values supplied by the pooled fund administrator at year end.

The fair value of real estate investments is determined annually by management based on a combination of the most recent independent appraisals of the rental properties and market data available at year end, net of any liabilities against the properties.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized on a straight line basis over their estimated useful lives, as follows:

Computer equipment	3 - 5 years
Systems development	3 - 10 years
Furniture, fixtures and equipment	5 years
Building renovations and leasehold improvements	2 - 10 years
Building	40 years

Employee Future Benefits

The actuarial determination of the accrued benefit obligation for pensions and other retirement benefits uses the projected benefit method prorated on service. This method incorporates management's best estimates of salary escalation, investment rate of return, retirement ages of employees and other actuarial factors. Actual results could differ from these estimates as the assumptions are of a long term nature, consistent with the nature of employee future benefits.

Actuarial gains (losses) arise from the difference between the actual experience of the pension plan's assets and liabilities for a period and the assumed outcome for that period, or from changes in actuarial assumptions used to determine the accrued benefit obligation. If the cumulative net actuarial gain (loss) exceeds 10 per cent of the greater of plan assets or liabilities, the excess is amortized over the expected average remaining service life of active employees. Past service costs are amortized on a straight line basis over the remaining service life of active employees expected to receive benefits under the plan.

On January 1, 2000, the WCB adopted the new accounting standard on employee future benefits using the prospective application method. The WCB is amortizing the transitional asset (pension) and transitional liability (other) on a straight line basis over 15 years, which was the average remaining service life of active employees expected to receive benefits under the benefit plans as at January 1, 2000.

Benefit Liabilities

The WCB's independent consulting actuary prepares a valuation of the benefit liabilities of the WCB at each year end. The benefit liabilities represent the actuarial present value of all future benefit payments expected to be made for claims or injuries which occurred in the current fiscal year or in any prior year. The benefit liabilities include provision for all benefits provided by current legislation, policies and/or administrative practices in respect of existing claims, plus provisions for the future expenses of administering the existing claims.

The benefit liabilities also include the estimated liability for long latent occupational diseases. Due to the nature of the estimated liability for long latent occupational diseases and the extent of related historical claims information available, this liability is more uncertain by its nature than other benefit liabilities. As information is accumulated and analyzed, adjustments may be necessary to improve precision.

Fair Value of Other Financial Assets and Liabilities

Other financial assets and liabilities consist of cash and cash equivalents, accounts receivable and accounts payable. The carrying value of these items approximates their fair value, consistent with the short term nature of these items.

Accumulated Other Comprehensive Income

The designation of the WCB's investment portfolio as available for sale requires the WCB to use accumulated other comprehensive income. Accumulated other comprehensive income is comprised of the cumulative unrealized gains and losses arising from the investment portfolio that, in accordance with primary sources of generally accepted accounting principles, are recognized in other comprehensive income but excluded from the operating surplus.

Premium Revenue

The operations of the WCB are categorized, in accordance with the Act, into Class E (general employers pool) and several classes of self-insured employers.

Employers registered within Class E are subject to collective liability, and premium revenue is estimated by applying applicable industry assessment rates to the employers' reported assessable payrolls for the current year. Any difference between the estimated premium revenue and the actual premium revenue is credited or charged to income in the year the determination is made.

Self-insured employers, principally government bodies and railways and their subsidiaries, are subject to individual responsibility for costs attributable to claims arising from their employees, as well as administration expenses incurred on behalf of self-insured employers. As such, premium revenue from self-insured employers is recognized as these costs are incurred.

Foreign Currency Translation

Transactions in foreign currency are converted to Canadian dollars at the exchange rate in effect at the time of the transaction. Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the balance sheet date. Unrealized foreign currency exchange gains and losses arising from the investment portfolio are recorded in other comprehensive income until the investment is derecognized (sold). At that time, the cumulative foreign currency exchange gain or loss previously recognized in other comprehensive income is designated a realized foreign currency exchange gain or loss and reclassified to investment income.

3. LINES OF CREDIT

The WCB has established an operating line of credit with its principal banker in the amount of $3.0 million. Advances on the line of credit bear interest at the bank's prime interest rate. The WCB has also established a revolving credit facility with the Province of Manitoba in the amount of $40.0 million. Advances on the revolving credit facility bear interest at the Province's preferred lending rate. Both credit facilities are unsecured. Borrowings during the year amounted to $5.3 million ($20.8 million in 2006), comprised of $2.3 million on the operating line of credit and $3.0 million on the revolving credit facility ($7.8 million and $13.0 million, respectively, in 2006), and were repaid in full during the year.

4. RECEIVABLES AND OTHER

	2007	2006
Premiums – Class E employers	$ 26,142	$ 24,806
Allowance for doubtful accounts	(1,226)	(1,158)
	24,916	23,648
Current assessments – Self-insured employers	4,058	3,007
Sundry	1,481	1,626
Accrued pension benefit asset (Note 9)	4,735	5,377
	$ 35,190	$ 33,658

5. INVESTMENT PORTFOLIO

Fair Value of the Investment Portfolio

	2007	2006
Equities		
Canadian	$ 214,976	$ 196,167
Private placements	33,061	37,667
U.S.	131,857	135,581
Europe, Australia & Far East	95,019	96,980
Emerging markets	38,863	34,489
	513,776	500,884
Cash and short term investments	47,394	36,762
Fixed income	319,497	313,643
Real estate (see table below)	138,475	117,746
Total	$ 1,019,142	$ 969,035

Real Estate Portfolio

The real estate portfolio can be further broken down as follows:

	2007	2006
Rental properties and other net assets	$ 185,114	$ 171,841
Mortgages payable	(46,639)	(54,095)
Real estate investments	$ 138,475	$ 117,746

Mortgages payable on rental properties bear interest at rates ranging from 5.0 per cent to 7.4 per cent per annum, with maturity dates ranging from 2008 to 2017. Scheduled principal and interest payments for 2008 on these mortgages total $7.0 million. The scheduled amounts of principal repayments, including mortgage maturities, in each of the next five years are as follows:

2008	$ 4,995
2009	14,455
2010	788
2011	8,530
2012	556
	29,324
Thereafter	17,315
Total	$ 46,639

Investment Income

Investment income was derived from the following sources:

	2007	2006
Canadian equities	$ 5,530	$ 5,320
Foreign equities	5,211	3,736
Cash and short term investments	1,932	1,699
Fixed income	16,202	14,829
Real estate (see table below)	28,389	13,511
Realized gains reclassified from other comprehensive income	45,309	24,597
Loan interest expense	(9)	(34)
Management expenses	(4,486)	(4,087)
Investment income	$ 98,078	$ 59,571

Real Estate Income

The real estate income can be further broken down as follows:

	2007	2006
Rental income	$ 12,119	$ 11,267
Rental expenses	(5,800)	(4,413)
	6,319	6,854
Appraisal gains	13,757	6,657
Realized gains from property sales	8,313	-
	$ 28,389	$ 13,511

Purchases of Investments, Net of Sales

Purchases of investments, net of sales can be further broken down as follows:

	2007	2006
Purchases of investments	$ 1,321,583	$ 1,145,367
Proceeds on disposal of investments	(1,284,030)	(1,130,896)
Net purchases of investments	$ 37,553	$ 14,471

Purchases and sales activities occur primarily within the fixed income portfolio and short term investments.

Commitments

The WCB has contractual agreements to contribute further funding to a maximum of $18.4 million ($16.1 million in 2006) to specific investment projects to be financed from the existing portfolio or from available cash.

Market Risk

The WCB invests in publicly and privately traded equities and fixed income instruments available on domestic and foreign exchanges. These securities are affected by market changes and fluctuations. The WCB does not use derivative financial instruments to alter the effects of these market changes and fluctuations.

Credit Risk Management

Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. Of the fixed income assets in the investment portfolio, 98 per cent (97 per cent in 2006) have at least an A credit rating. The WCB does not anticipate that any borrowers will fail to meet their obligations.

Securities Lending

The WCB may lend, for fee income, any of its securities to third parties, provided the loans are secured by cash or readily marketable securities having a market value of at least 105 per cent of the market amount of the asset borrowed. As at December 31, 2007, these loans amounted to $114.9 million ($99.2 million in 2006).

Foreign Exchange Risk Management

The WCB has certain investments denominated in foreign currencies. During 2007, the WCB did not undertake hedging strategies for the currency risk of foreign investments. While currency fluctuations influenced short term returns, these fluctuations are not expected to affect the long term position of the investment portfolio.

Interest Rate Risk Management

Fluctuations in interest rates are managed by actively controlling the duration of the fixed income portfolio. As at December 31, 2007, the duration of the WCB's bond portfolio was 6.8 years (6.7 years in 2006).

6. DEFERRED ASSESSMENTS

Deferred assessments represent the WCB's estimate of the present value of premiums which will be received in the future from self-insured employers to fund the future costs of existing claims that have arisen from their employees. As such, the fair value for deferred assessments is not readily determinable. The deferred assessments may be secured by irrevocable letters of credit or other suitable forms of guarantee. The changes in deferred assessments were as follows:

	2007	2006
Balance at beginning of year	$ 43,718	$ 25,862
Increase in future cost liability	5,003	17,295
Increase in pension related transactions	445	1,666
Interest allocation	(1,568)	(1,105)
Net change in deferred assessments	3,880	17,856
Balance at end of year	$ 47,598	$ 43,718

7. CAPITAL ASSETS

	2007		2006	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	$ 11,268	$ 9,705	$ 10,932	$ 9,406
Systems development projects	12,016	8,110	11,037	7,370
Furniture, fixtures and equipment	2,080	1,932	1,941	1,908
Building renovations and leasehold improvements	3,625	2,795	3,410	2,479
Building and land	6,031	485	5,837	423
	$ 35,020	$ 23,027	$ 33,157	$ 21,586
Net book value	$11,993		$11,571	

As a result of asset dispositions, costs of $624 ($1,000 in 2006) for computer equipment and furniture, fixtures and equipment, and the offsetting accumulated depreciation were removed from the accounting records. A gain of $2 ($23 in 2006) was recognized on the sale of these fully depreciated capital assets.

8. PAYABLES AND ACCRUED LIABILITIES

	2007	2006
Accounts payable and accrued liabilities	$ 3,751	$ 4,496
Client annuity program	12,531	10,536
Community Initiatives and Research Program grants	2,186	2,089
Deposits from self-insured employers	1,591	1,441
Employee vacation entitlements	2,817	2,686
Unearned revenue	545	909
Other payables	1,305	1,289
Sick leave plan (Note 9)	2,497	1,920
	$ 27,223	$ 25,366

9. EMPLOYEE FUTURE BENEFITS

The WCB has two employee benefit plans which provide pension and other future employment benefits to its employees. The cost of these employee benefit plans is recorded as an expense in the period in which employees' services are rendered.

The pension plan, which is funded by employee and employer contributions, is made up of the WCB Retirement Plan and the Supplementary Employee Retirement Plan. The WCB Retirement Plan is a defined benefit pension plan that provides indexed pensions (two-thirds of the Consumer Price Index for Canada) based on years of service and the best five consecutive years average earnings in the last 12 years of employment. The Supplementary Employee Retirement Plan provides that the employees of the WCB whose pension benefits exceed the maximum pension benefit permitted under the federal *Income Tax Act* will receive pension benefits based on their total pensionable earnings.

The WCB also has a defined benefit plan that provides for a payment of sick leave credits to employees that meet established criteria upon termination or retirement. Employees are not required to contribute to this plan.

Total cash payments for employee future benefits for 2007, consisting of cash contributed by the WCB to the funded pension plan and cash payments directly to beneficiaries for the unfunded sick leave plan, were $2.5 million ($2.6 million in 2006).

The WCB measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year. The most recent actuarial valuation of the Retirement Plan for funding purposes which was filed with the pension regulators was as at December 31, 2005. The next required valuation for this purpose will be as at December 31, 2008.

Information about the WCB's employee benefit plans for the year is as follows:

	Pension Plan		Sick Leave Plan	
	2007	2006	2007	2006
Benefits paid by the plan	$ 1,499	$ 1,721	$ 44	$ 147
Employer contributions	2,417	2,420	44	147
Employee contributions	1,744	1,514	-	-
Employee future benefit expense	3,059	2,851	621	460
Actual return on plan assets	(1.3%)	13.4%	-	-

Reconciliation of the benefit plans to amounts included in the financial statements:

	Pension Plan		Sick Leave Plan	
	2007	2006	2007	2006
Fair value of plan assets	$ 84,426	$82,893	-	-
Accrued benefit obligation	97,587	91,827	$ 4,406	$ 3,950
Plan deficit for accounting purposes	(13,161)	(8,934)	(4,406)	(3,950)
Balance of unamortized losses	17,896	14,311	1,909	2,030
Accrued benefit asset (liability)	$ 4,735	$ 5,377	$ (2,497)	$ (1,920)

The accrued benefit asset for the pension plan is included in receivables and other. The accrued benefit liability for the sick leave plan is included in payables and accrued liabilities.

The key actuarial assumptions used to value the employee future benefit liabilities for accounting purposes as at December 31 are as follows:

	Pension Plan		Sick Leave Plan	
	2007	2006	2007	2006
Discount rate	5.50%	5.25%	5.50%	5.25%
Expected long term rate of return on plan assets	6.75%	6.75%	-	-
Rate of compensation increase	3.75%	3.75%	2.25%	2.25%
Expected average remaining service life (in years)	14	16	14	16

The asset allocation for the pension plan as at December 31 is:

	2007	2006
Equity	61%	63%
Fixed income (including short term)	39%	37%

10. BENEFIT LIABILITIES

Benefit liabilities are determined in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefit payments reflects management's long term estimates of economic and actuarial assumptions and methods, which are based upon past experience and modified for current trends. As these assumptions may change over time to reflect underlying conditions, it is possible that such changes could cause a material change in the actuarial present value of the future payments. The fair value for benefit liabilities is not readily determinable.

The key actuarial assumptions used to value the benefit liabilities as at December 31 are as follows:

	2007	2006
Discount rate for non-indexed benefits	6.0%	6.0%
Discount rate for CPI-indexed benefits	3.0%	3.0%
Discount rate for wage-indexed benefits	2.0%	2.0%
Discount rate for healthcare benefits	2.0%	2.0%

An analysis of the components of and changes in benefit liabilities is as follows:

	2007						2006
	Short Term Disability	Long Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total	Total
Balance at beginning of year	$ 114,301	$ 362,618	$ 153,458	$ 137,760	$ 20,895	$ 789,032	$ 731,093
Add: Claim costs incurred							
Current year	104,754	4,916	8,560	44,642	9,099	171,971	154,114
Prior years	(26,394)	52,987	8,564	11,961	(3,598)	43,520	65,803
	78,360	57,903	17,124	56,603	5,501	215,491	219,917
Less: Claim payments made							
Current year	29,466	463	1,063	17,504	10	48,506	46,663
Prior years	33,179	44,387	13,971	30,325	2,474	124,336	115,315
	62,645	44,850	15,034	47,829	2,484	172,842	161,978
Balance at end of year	$ 130,016	$ 375,671	$ 155,548	$ 146,534	$ 23,912	$ 831,681	$ 789,032

The liability for short term disability claims is an estimate of future wage loss payments for claims that have yet to medically plateau or stabilize. The long term disability liability includes estimated future wage loss payments for those claims that have medically plateaued and stabilized, estimated future pension payments, and estimated future cost of claims relating to certain long latent occupational diseases. The liability for survivor benefits is composed of estimated future pension payments and other services provided to survivors of those who have lost their lives as a result of workplace injuries or illnesses. Healthcare liabilities are the estimated future medical costs for existing claims. The liability for rehabilitation services is composed of the estimated cost of future rehabilitation services which are externally supplied to the WCB.

Included in the benefit liabilities balance is $38.0 million ($37.0 million in 2006) for the long latent occupational disease liability and $53.4 million ($49.1 million in 2006) for the future cost of administering existing claims.

11. BENEFIT LIABILITIES FOR SELF-INSURED EMPLOYERS

Note 10 contains a complete description of the components of the benefit liabilities for all employers. An analysis of the portion relating to self-insured employers is as follows:

	2007						2006
	Short Term Disability	Long Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total	Total
Balance at beginning of year	$ 13,415	$ 41,431	$ 26,366	$ 16,868	$ 1,603	$ 99,683	$ 81,591
Add: Claim costs incurred							
Current year	10,734	345	1,144	6,778	863	19,864	29,166
Prior years	(1,989)	6,056	3,687	2,884	(235)	10,403	10,346
	8,745	6,401	4,831	9,662	628	30,267	39,512
Less: Claim payments made							
Current year	3,538	149	133	2,088	3	5,911	6,148
Prior years	4,909	3,464	3,186	5,941	152	17,652	15,272
	8,447	3,613	3,319	8,029	155	23,563	21,420
Balance at end of year	$ 13,713	$ 44,219	$ 27,878	$ 18,501	$ 2,076	$ 106,387	$ 99,683

Included in premiums and claim costs for self-insured employers are payments in the amount of $4.1 million ($3.8 million in 2006) made by self-insured employers directly to injured workers on the WCB's behalf. These amounts are reported to the WCB for inclusion in these financial statements.

Included in the benefit liabilities balance is $11.1 million ($10.8 million in 2006) for self-insured employers' share of the long latent occupational disease liability and $6.2 million ($5.8 million in 2006) for the future cost of administering existing claims.

12. PREMIUM REVENUE

	2007	2006
Premiums – Class E employers	$ 194,059	$ 179,495
Assessments – Self-insured employers	26,034	22,369
Increase in deferred assessments (Note 6)	3,880	17,856
Total premium revenue	$ 223,973	$ 219,720

13. OPERATING EXPENSES

	2007	2006
Salaries, employee benefits and training	$ 37,263	$ 35,076
Information technology service fees	1,898	1,899
Occupancy costs	1,834	1,758
Office supplies, services and projects	471	647
Communications	1,029	973
Professional fees	895	1,009
Donations	80	84
Amortization of capital assets	2,065	2,090
Appeal Commission	1,228	1,174
Community Initiatives and Research Program grants	1,000	1,000
Recoveries from the Government of Canada	(861)	(821)
Prevention and other (Note 14)	9,079	8,331
Total operating expenses	$ 55,981	$ 53,220

Of the total operating expenses, $4.2 million ($3.6 million in 2006) was allocated to self-insured employers based on the current year's transaction volumes.

The WCB administers the *Government Employees Compensation Act* program for the Government of Canada. The operation of this program is reflected only to the extent of the recoveries of operating expenses.

14. RELATED PARTY TRANSACTIONS

Pursuant to *The Workplace Safety and Health Act* of Manitoba, the Province may pay the expenses incurred in the administration of that Act out of the consolidated fund and may, subsequently, recover such portion as it may determine from the WCB under *The Workers Compensation Act* of Manitoba. For 2007, the amount charged to operations under this provision was $6.9 million ($6.2 million in 2006).

Also, under Section 84.(1) of *The Workers Compensation Act* of Manitoba, the Province may pay the costs incurred in respect of worker advisors and may recover them from the WCB. For 2007, the amount charged to operations under this provision was $0.9 million ($0.9 million in 2006).

In addition to the legislated obligations referred to above, included in these financial statements are amounts resulting from routine operating transactions conducted at prevailing market prices with various provincial government controlled ministries, agencies and Crown corporations with which the WCB may be considered related. This includes the provision of assistance, in the form of medical opinions and appeal services, for the Province of Manitoba relating to criminal injury claims. The provincial government is also a self-insured employer under *The Workers Compensation Act* of Manitoba. Account balances resulting from these transactions are included in these financial statements and are settled on normal trade terms.

Included in the WCB's investment portfolio as at December 31, 2007, are guaranteed debentures issued by the Province of Manitoba in the amount of $1.0 million ($2.4 million in 2006).

15. COMMITMENTS

The WCB has signed operating leases for office premises expiring at various times until December 31, 2012. The minimum lease obligations over the next five years are:

2008	2009	2010	2011	2012	Total
$569	$416	$307	$62	$10	$1,364

16. CONTINGENCIES

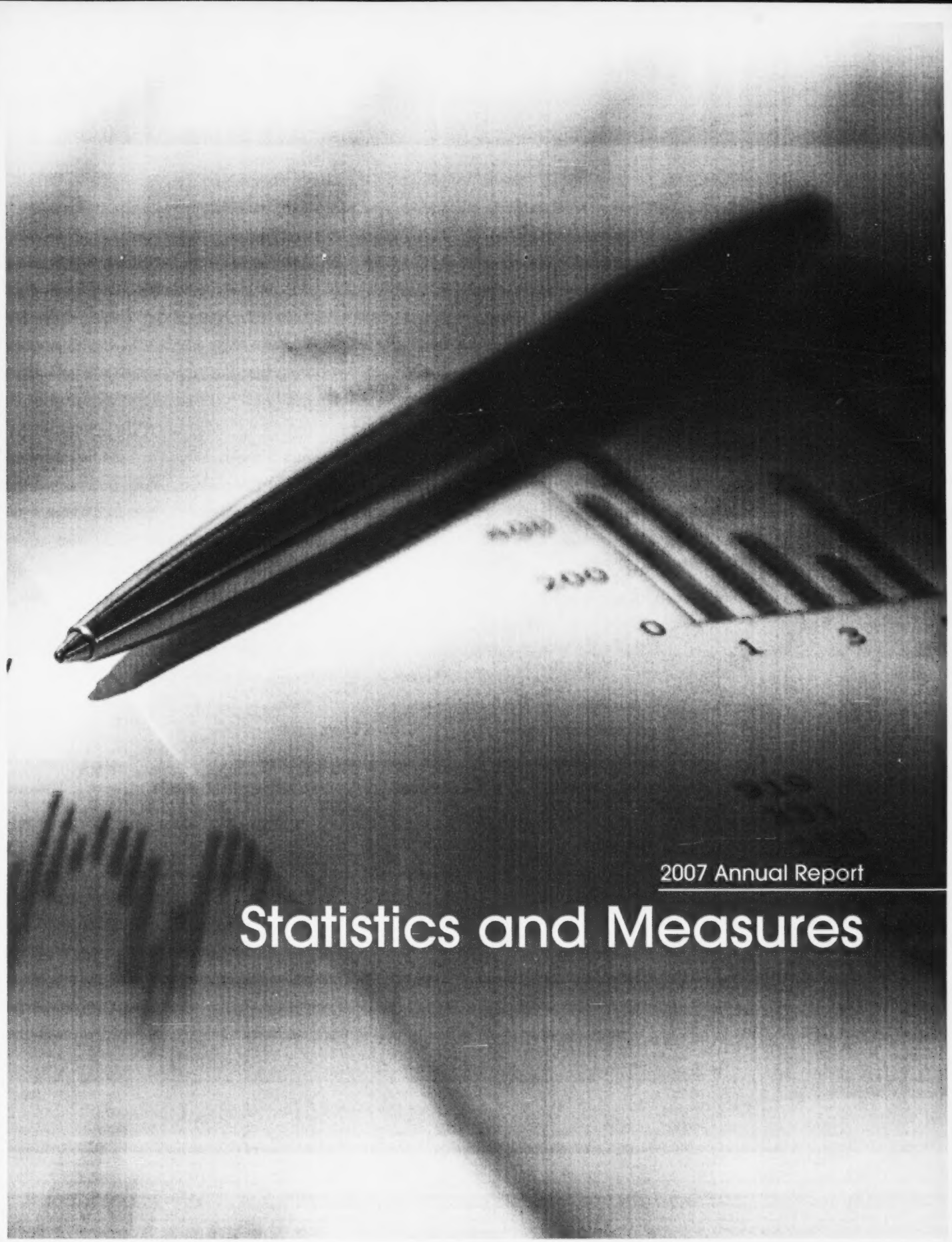
The WCB is a defendant in class proceedings commenced in 2007 by surviving spouses of deceased workers whose dependants' benefits were terminated on their remarriages prior to April 17, 1985. It is difficult to predict the outcome of these proceedings with certainty. However, based on information presently known, these proceedings are not expected to have a material adverse effect on the consolidated financial position of the WCB.

17. AUDITOR INDEPENDENCE

In 2007, Grant Thornton LLP provided $9 ($0 in 2006) of non-audit services to the WCB.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.



2007 Annual Report

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In addition to the statistical information provided in this annual report, a **Manitoba Workplace Injury and Illness Statistics Report** is published. This annual document is a joint publication of the WCB and the Manitoba government's Workplace Safety and Health Division. To obtain a copy of this report, please call **954-4760** or toll-free **1-800-362-3340** or visit **www.wcb.mb.ca.**

Introduction

The WCB is committed to organizational goals built upon four themes – Prevention, Recovery, Service and Stewardship. Measures have been developed to gauge progress towards these goals.

These statistics and measures enable the WCB to analyze and report on its performance in the current year and measure progress from previous years. Where appropriate, the Manitoba WCB's performance versus the performance of other WCBs across Canada is documented.

Prevention

Five year targets for the WCB in the Prevention area are:

- Reduce the time loss injury rate to 3.5 per 100 workers and the number of serious injuries by 50 per cent, in addition to reducing the number of traumatic fatalities.
- Have 70 per cent of Manitobans disagree with the statement that workplace injuries are inevitable.

ACCEPTED CLAIMS AND INJURY RATE TRENDS

The WCB is committed to increasing prevention awareness and reducing the time loss injury rate in Manitoba. Through the efforts of the WCB and its partners in prevention over the past several years, the injury rate has been reduced to an estimated 4.2.* The WCB has now set a target of 3.5 to be achieved over the next five years.

In addition to monitoring the time loss injury rate, the WCB also measures workplace safety attitudes in the province. Surveys indicate that only 36 per cent of Manitobans disagree with the statement that workplace injuries are inevitable. The WCB continues to seek opportunities to ensure Manitobans enjoy safe and healthy workplaces.

	2003	2004	2005	2006	2007
Time Loss Injury Rate	**4.4**	**4.4**	**4.3**	**4.3**	**4.2***
Time Loss Injury Claims	16,699	16,634	16,697	17,142	17,265
No Time Loss Injury Claims	18,521	18,035	18,290	18,608	17,987
Total Injury Claims	**35,220**	**34,669**	**34,987**	**35,750**	**35,252**
Claims Pending Adjudication at Year End	154	83	236	199	106
Fatalities	**24**	**14**	**26**	**26**	**27**

*The 2007 time loss injury rate is an estimate and may be revised in mid-2008. Note that in 2007, the WCB revised the definitions used for recording time loss injuries and fatalities. All figures in this section have been restated using the new definitions.

Recovery

Five year targets for the WCB in the Recovery area are:

- Score an average of 8 out of 10 when workers are asked how well the WCB supported them in their return to work.
- For all claims that are in pay during the calendar year, achieve an average claim duration of 37 days in pay during the year.

RETURN TO WORK

In 2007, the WCB continued to focus on return to work. The WCB's latest survey results indicate a score of 7.2 out of 10 (up from the previous year's survey score of 6.3 out of 10) when workers were asked how well the WCB supported them in their return to work. The WCB continues to provide many tools to assist employers, injured workers, healthcare practitioners and WCB staff with their disability management efforts.

DURATION OF CLAIMS

Duration of claims measures the number of days that injured workers receive wage loss replacement. This measure stayed flat in 2007. Many factors can affect the duration of claims, including demographics and type of injury. Today's typical injured worker is older and almost half of all time loss injuries are musculoskeletal injuries.

The WCB is working to move closer to the target of an average claim duration of 37 days in pay during the year. The organization seeks to continuously make improvements to case management processes and the case management model, and focuses on enabling injured workers to return to health and productive work as soon as safely possible.

Average Days Paid for All Wage Loss Claims	2003	2004	2005	2006	2007
Claims from All Years	39.4	39.2	39.3	38.6	38.6

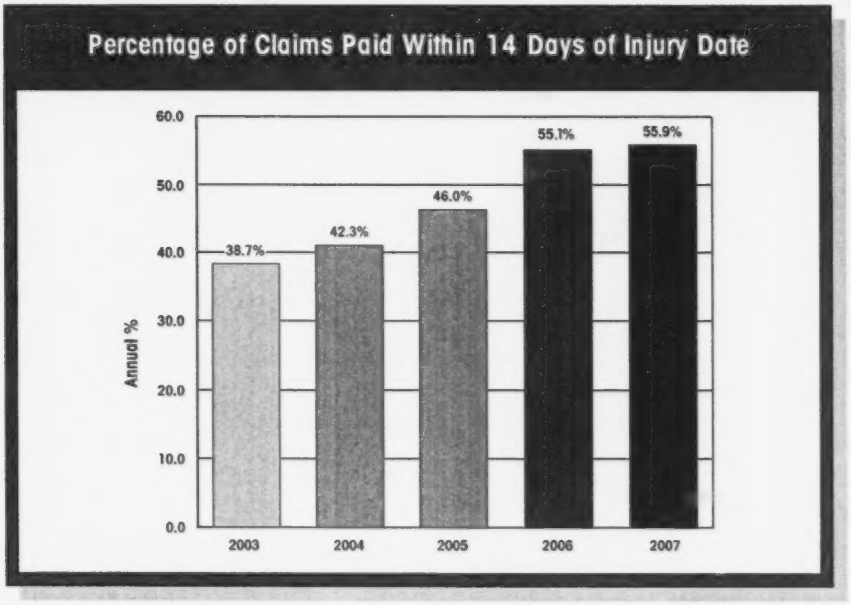
Service

Five year targets for the WCB in the Service area are:

- Pay 70 per cent of injured workers within 14 days of injury.
- Score at least 80 per cent on the WCB service culture index. (Answers to selected questions in the WCB employee opinion survey that measure staff perceptions of service priority form the basis of this score.)
- Consistently score 8 out of 10 in injured worker satisfaction.
- Consistently score 8 out of 10 in employer satisfaction.
- Meet quality expectations on 95 per cent of claims.

TIMELY PAYMENTS TO INJURED WORKERS

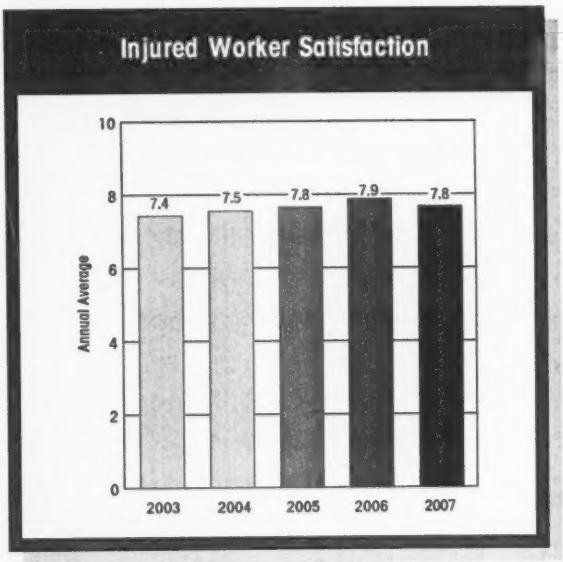
The WCB strives to pay claims promptly and is making progress in reaching its goal of paying 70 per cent of injured workers within 14 days of injury. The table below shows that the percentage of claims paid within 14 days of injury date has been steadily increasing over the past five years. The WCB continues to engage in process improvements to maintain this trend.

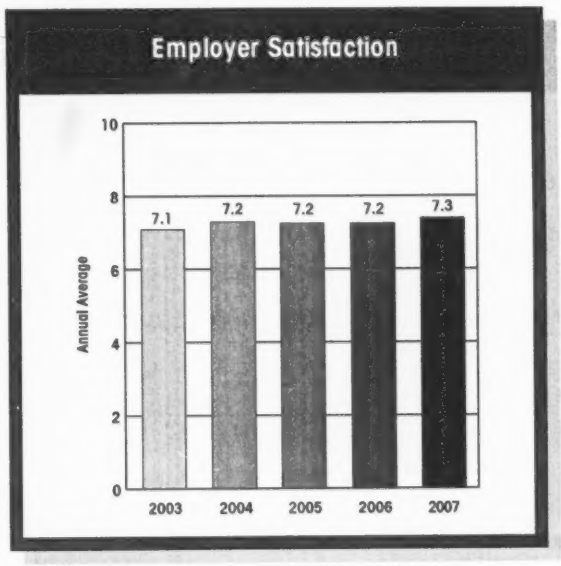


SERVICE SATISFACTION MEASURES

The WCB believes in providing service that is **fast**, **easy**, **caring**, **right** and **clear** and is proud of its strong service culture. The WCB scored 74 per cent (72 per cent in 2006) on the WCB service culture index in 2007. The service culture index is based on WCB employee perceptions of the importance of customer service, as measured in the annual WCB employee opinion survey.

The organization strives to meet the evolving needs of all customers and is moving toward achieving its targets as shown by the results of the worker and employer customer satisfaction surveys in the charts below.

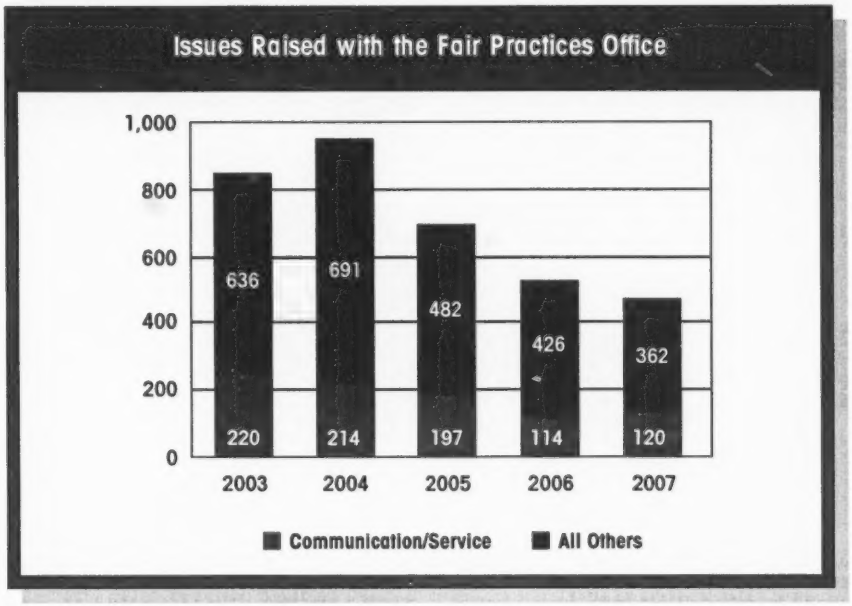




QUALITY CLAIM MANAGEMENT

The WCB aims to adjudicate claims accurately, fairly and transparently. In 2007, the WCB met quality expectations on 81 per cent of claims (75 per cent in 2006).

The WCB also looks to referral activity from the Review Office and Fair Practices Office to monitor progress on this measure. The organization is steadily improving adjudication decisions. The Fair Practices Office referrals have declined steadily over the past several years (see chart below) and Review Office referrals have been steady at about 1,200 files annually.



Stewardship

Five year targets for the WCB in the Stewardship area are:

- Meet or exceed the target on 80 per cent of its efficiency and effectiveness measures, indicators the WCB has created to measure its operations, financial strength and human resources.
- Achieve the target balance for the WCB's reserves as set out in the Funding Policy.
- Score an average of at least 80 per cent on the employee engagement index. (Answers to selected questions in the WCB employee opinion survey that measure attitudes and awareness of organizational goals form the basis of this score.)
- Have at least 70 per cent of Manitobans tell the WCB that it is making a positive contribution to the province.

Results in the key target areas are as follows:

- A score of 78 per cent was achieved on the efficiency and effectiveness measures for 2007.
- WCB reserves as at December 31, 2007 are in line with the reserve target as set out in the Funding Policy.
- A score of 71 per cent was obtained on the employee engagement index.
- Over 66 per cent of surveyed Manitobans told the WCB that they believe the WCB is making a positive contribution to the province.

The WCB is committed to managing the resources of the organization in a responsible manner, ensuring an affordable and financially strong compensation system is maintained for Manitoba workers and employers. Financial indicators that are provided in this report to illustrate resource management are as follows:

- employer assessments and average assessment rate
- investment results
- administration cost per time loss claim and
- funding ratio.

EMPLOYER ASSESSMENTS AND AVERAGE ASSESSMENT RATE

Maintaining a competitive average assessment rate (per $100 of payroll) is paramount when it comes to WCB fiduciary management. In 2007, Manitoba had the second lowest average assessment rate of all jurisdictions in Canada.

In keeping with the WCB's prevention and disability management mandates, employers' assessment rates reflect their claims experience record, with those employers experiencing higher claim costs paying higher rates.

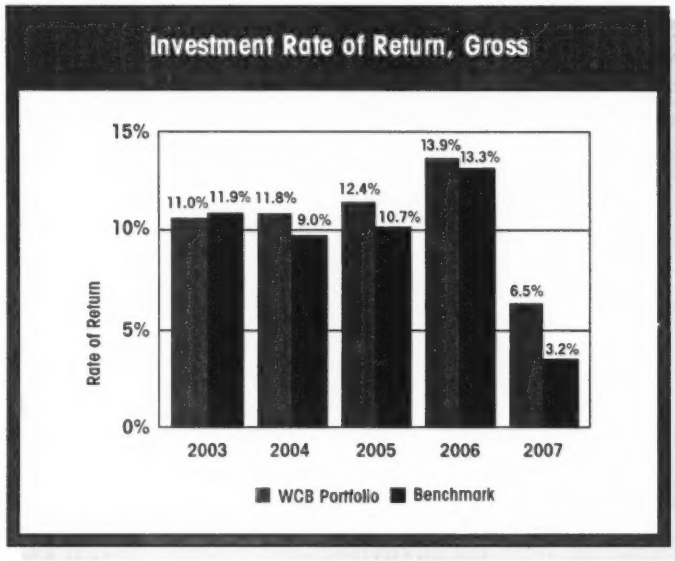
	2003	2004	2005	2006	2007
1. Assessments*					
Assessable payrolls ($ millions)	8,931	9,337	9,759	10,550	11,290
Assessment revenue ($ millions)	145	160	168	181	192
2. Employers					
Number of registered employers at December 31	24,639	25,110	25,547	26,044	26,730
New registrants in-year	2,481	2,720	2,663	2,355	2,949
3. Rates (per $100 of Payroll)					
Average - actual	$ 1.62	$ 1.71	$ 1.72	$ 1.72	$ 1.70
Lowest	$ 0.15	$ 0.16	$ 0.16	$ 0.15	$ 0.15
Highest	$ 26.47	$ 30.34	$ 31.29	$ 41.95	$ 42.27

*Assessable payrolls and assessment revenue are estimates and will be revised in mid-2008. Assessment revenue is a subset of premium revenue from Class E employers, (see Note 12 in the *Notes to Consolidated Financial Statements* section).

INVESTMENT RESULTS

Investment revenue is a significant revenue stream for the WCB. The investment portfolio is carefully managed by adhering to the WCB's Statement of Investment Policies and Objectives and by monitoring portfolio performance against appropriate benchmarks.

The chart below shows the gross investment rate of return and the benchmark rate of return. The gross return in 2007 of 6.5 per cent was more than double the benchmark rate. After expenses, the net investment return was 6.0 per cent for 2007. The WCB has been successful in achieving actual returns that are better than benchmark over the past four years.



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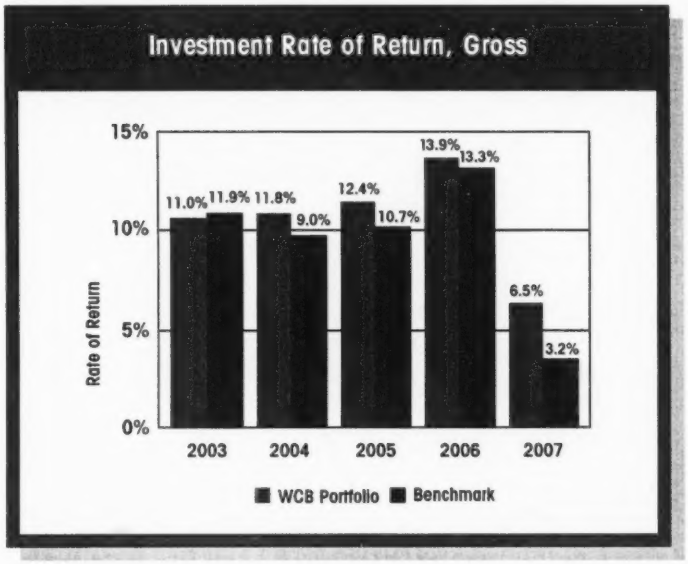
INVESTMENT RESULTS

Investment revenue is a significant revenue stream for the WCB. The investment portfolio is carefully managed by adhering to the WCB's Statement of Investment Policies and Objectives and by monitoring portfolio performance against appropriate benchmarks.

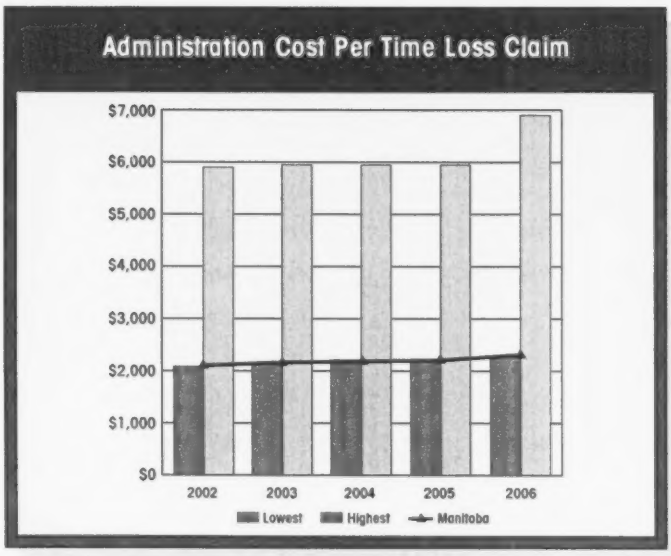
The chart below shows the gross investment rate of return and the benchmark rate of return. The gross return in 2007 of 6.5 per cent was more than double the benchmark rate. After expenses, the net investment return was 6.0 per cent for 2007. The WCB has been successful in achieving actual returns that are better than benchmark over the past four years.



ADMINISTRATION COST PER TIME LOSS CLAIM

While the WCB's goal is to provide excellent customer service and quality compensation services, it also strives to deliver these services within a lean organization. One of the measures used to gauge this is the administration cost per time loss claim. Administration costs are a subset of operating expenses and are grouped consistently by all WCBs across Canada.

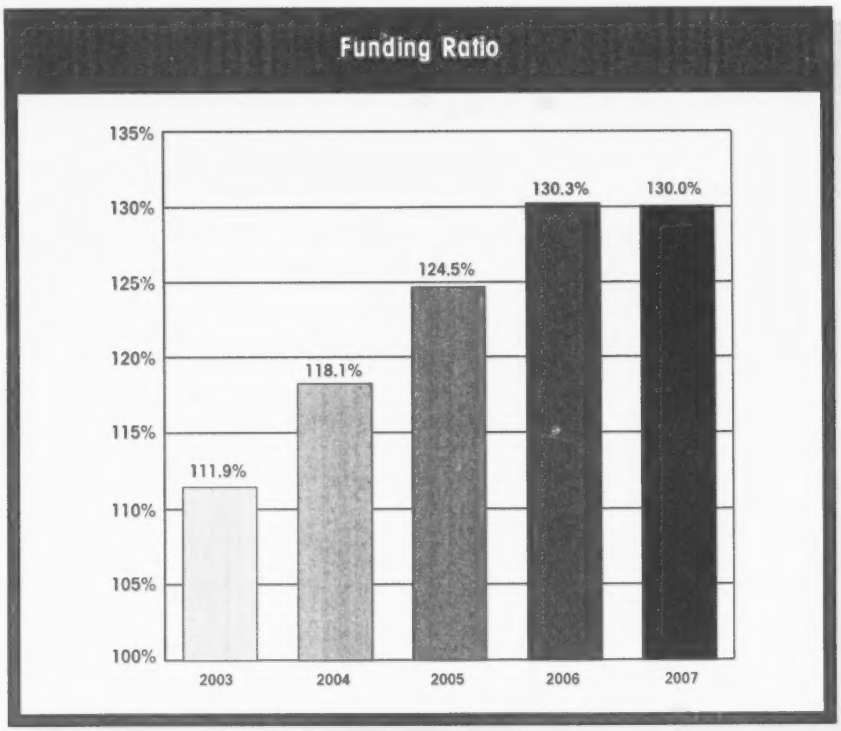
Manitoba has had the lowest administration cost per time loss claim across Canada for the five years shown below and expects to maintain that status for 2007. (Data for 2007 is not available until mid-2008.)



RESERVES AND FUNDING

The reserves of the WCB exist to protect the WCB and its ratepayers from general business risks and catastrophic events in areas such as investment returns or injury claim costs. The reserve target assists the WCB in making future financial decisions as the financial impacts to ratepayers are balanced against the risk of the reserves not meeting the target value. (Funding formulas provide the WCB with the optimum target balance for its reserves.) The WCB's reserves as at December 31, 2007 were in line with the target.

A measure of the financial strength of the WCB is the funding ratio (ratio of total assets to total liabilities). Any amount above 100 per cent indicates that the WCB is fully funded with a positive balance in its reserves. Values below 100 per cent signal that the WCB is in an unfunded liability position. Manitoba has been in a fully funded position since 1996, with a 2007 funding ratio of 130 per cent.



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